

4-1-1957

# An approach to the development of executive personnel

Donald Gray Burnette

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**AN APPROACH TO THE DEVELOPMENT OF**

**EXECUTIVE PERSONNEL**

**A Thesis**

**Presented to**

**the Faculty of the School of Business Administration**

**The University of Richmond**

**In Partial Fulfillment**

**of the Requirements for the Degree**

**Master of Science in Business Administration**

**by**

**Donald Gray Burnette**

**June 1957**

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**VIRGINIA**

## PREFACE

On September 25, 1958, the president of the Life Insurance Company of Virginia appointed a committee of company officers to make a study of what is known and of what is being done by industry to develop executive personnel. Upon completion of the study, the committee was to make a formal report to the president with its recommendations as to what action the company should take in order to develop qualified executives to meet future needs.

As a staff assistant to the chairman of the above committee, it was my responsibility to analyze and appraise the programs for development of approximately forty companies representing a number of different industries. Information on over one half of these companies was obtained by committee members either by personal interview or by personal correspondence with top company officials. Additional data were obtained from a number of written sources available to the committee.

The procedure which was used in making this study was to analyze and appraise the philosophies and practices of the above companies as related to executive development. As a result, some of the personal discussions with officials of the companies studied must be considered confidential. Hence, the names of persons, companies and locations have

been withheld or disguised in some cases. The results of the above analysis with specific recommendations which appear to best meet the needs of the company are contained in the following pages of this report.

Donald G. Burnette

May 10, 1957

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## CHAPTER I

### INTRODUCTION

Within the space of a few months a large manufacturing concern in one of the mid-western states had its president to reach normal retirement age, its executive vice-president to suffer a fatal heart attack and its vice-president of production to leave on permanent disability. Qualified replacements were not available within the organization to fill effectively these positions of top responsibility. The result was that the organization structure of the company and, later on, its position in the industry, were severely weakened.<sup>1</sup>

This case is a fairly representative example of a problem which is becoming increasingly more common in industry today. So common, in fact, that business leaders and management authorities feel that probably the greatest problem facing management today is that of finding, developing and retaining capable men to move up when senior executives retire, die or leave for other reasons; men with the ability to think and act responsibly, to work

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<sup>1</sup> Bruce Payne, "Building and Maintaining A Successful Organization" (paper read before the Richmond Chapter, National Office Management Association, Richmond, Virginia, November 1952).



cooperatively and to provide others the opportunity to become effective leaders.

A similar thought was expressed by the president of the Atlantic Refining Company when introducing a program for development to the management of his company. He stated: "The future of this company depends upon two things: (1) The effective development and utilization of capital resources; and (2) the effective development and utilization of people. It is essential to the present and future health of the company that we carefully plan to meet the recurring problem of effectively manning our management ranks. It is also vital that we provide full opportunity for management members to develop their potentialities so they may grow in their assignments and be of increasing value to the company."<sup>2</sup>

There was a time when management assumed that qualified executives could be found in the organization when needed and that good men invariably would rise to the top. In fact, there are some business leaders who still adhere to this principle. They believe that formal programs for the systematic development of executive personnel are uneconomical and a waste of time and effort; that even if their own organizations do not produce the necessary replacements,

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<sup>2</sup>Stephen Haabe, "Executive Selection through Group Appraisal," Management Record, XVIII (October, 1956) p. 357.

they can lure them from other companies when needed at a slightly higher rate of pay.

In industry as a whole, however, there is a growing awareness that management can no longer afford to make such haphazard assumptions. In the past, such practices have had the unwanted effect of producing too few good executives too late and even these rarely possess the qualities now required in the top management echelons of successful organizations. As a result, the conviction is growing that a company can and must employ young men and women with potential for growth and develop them to assume the responsibilities of successful leadership.

# I. EXECUTIVE DEVELOPMENT DEFINED

Ordinarily, one would think that as freely as the term "executive" has been used by American management that by now some satisfactory agreement would have been reached as to its definition. But this has not been the case. The editors of Fortune in a recent book authored by them on executive life emphasize this fact with the following statement: "Among the achievements of American business management over the past twenty-five years, there is an odd omission: United States' executives have not yet come to agree on exactly what the word "executive" means. Some day a definitive answer may be produced, but it will have

to come out of a minute study of what it is that executives actually do. So far, there has been very little of this kind of research into American management."<sup>3</sup>

As this statement indicates, there are probably as many definitions today for the word "executive" as there are companies. Virtually every person, who attempts to define it, includes some unique elements. Probably the latest and the best study made in trying to determine just what industry means when it refers to an executive is the one made by the editors of Fortune. A survey by them of ninety-nine "representative" companies disclosed that the methods used by industry to define an "executive" could be placed into three broad categories. The first method was by salary classification. Some companies considered personnel above a certain salary as executives. For example, one company classified as executives all personnel who were making \$10,000.00 per annum or above. A second category was according to the position occupied in the organizational structure of the company. As an illustration, some companies placed all persons who occupied positions in a certain echelon of the organization's structure and above in the executive category. The third

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<sup>3</sup> Perrin Stryker and the editors of Fortune, The Executive Life (New York: Doubleday Company, Inc., 1958), p. 15.

and more popular method found to be used by industry was to classify certain personnel as executives according to the functions performed by them.

Using the data gathered from the above survey, the editors were able to compile the following definition: "An American executive is a person paid for a full-time job in which he: (1) directly helps to set his company's objectives and over-all policies; (2) is required to make or approve decisions that significantly affect profits and future plans; (3) coordinates several major corporate functions, or those of a major division or department; (4) maintains and develops an organization of trained subordinates to achieve the company's objectives; and (5) delegates responsibility and authority to the organization and controls performance and results through at least one level of supervision."<sup>4</sup>

For the purpose of this study, this definition is accepted as presenting the most composite picture of executive functions. When it is applied to the Life Insurance Company of Virginia, those jobs, based on the functions performed, which can be classified as "executive" are the positions of assistant division head and higher, up to and including the president. An assistant division head is

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<sup>4</sup>Ibid., pp. 17-26.

defined as an individual who assists in the planning, organizing and controlling the work performed by a division with an average of seventy-five employees.

Development of personnel to fill such top level positions as vacancies arise must begin with the incumbents of lower jobs in the organization. These lower jobs, which for the purpose of this report shall be called "key jobs", can be classified as to (1) all supervisory and executive jobs (2) all jobs held by personnel who were hired specifically for development, and (3) all technical and staff jobs held by specialists. Since the incumbents of these jobs are the ones toward whom a program for development will be directed, they shall be referred to in this report as "key personnel".

A close analysis of the above statements discloses that there is no true definition of an executive. In business management today, the words "executive" and "manager" are frequently used synonymously as are the terms "executive development" and "management development." For the purposes of this study, any distinction made between these terms would be insignificant, therefore, they are used interchangeably.

## II. EXECUTIVE REQUIREMENTS

A number of business managers and writers have

described in detail attributes which they feel are necessary for an executive to possess in order for him to perform successfully the functions of an executive position. Included among these attributes are such broad specifications as personal motivation, managerial ability, personality and physical characteristics, mental abilities and any number of others. These attempts have resulted in very significant progress being made in determining the broad standards for executive positions, but they have not proven useful to any extent for the purpose of establishing objective criteria or means of measurement or evaluation of characteristics for all executive positions in all companies. There are two main problems which block the path in the establishment of an objective checklist of criteria for executive positions. The first of these obstacles is the fact that in industry today, there is an absence of any generally accepted criteria as to what is a good executive, and the second is the lack of standard specifications for similar executive positions in different companies, and often in the same company.<sup>5</sup>

Solutions to both of these problems will have to be overcome before such a checklist will be possible. If the

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<sup>5</sup>Myles L. Mace, The Growth and Development of Executives (Boston: Graduate School of Business Administration, Harvard University, 1950) pp. 20-23.

progress to date in this direction is any indication, it is not likely that satisfactory solutions to them will be reached in the near future. Hence, the conclusion is that there is not any such thing as a single list of personal traits of a good executive. Therefore, until such time as there is one, a company must define the specifications of its own executive positions and direct its efforts toward filling them with personnel who possess the necessary requirements to meet these specifications.

### III. ESTABLISHMENT OF THE NEED

Earlier in this chapter, the fact was mentioned that there is a shortage of qualified executive replacements in industry today. The factors which have been responsible for this shortage and which have resulted in management viewing in a more favorable light the systematic development of executive personnel can be stated as:

(1) political and economic conditions; (2) industrial expansion and decentralization; and (3) philosophical changes.

Political and Economic Conditions. Political and economic conditions resulting in the depression of the early thirties and World War II can be easily established as the initial and most obvious factors resulting in the

shortage of executive personnel today.<sup>6</sup> During the depression, most companies were in such a bad state of affairs that it was simply inexpedient for them to attempt to do anything about the development of executive talent. In addition to this, the supply of personnel far exceeded the demand with the result being that management gave little thought to the future.

Just after the country had pulled out of the depths of the depression, World War II broke with the result being that several years were taken out of the business lives of numerous young men who would otherwise be ready to replace retiring executives. In addition, there was almost a complete termination of competent young people into the lower management ranks. This factor, together with the depression, has limited the supply and has caused a substantial age gap in the management ranks of business organizations.

Industrial Expansion and Decentralization. The great industrial expansion with accompanying management decentralization during and after World War II is the second factor to which can be attributed the shortage of

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<sup>6</sup>Perrin Stryker and the editors of Fortune, A Guide to Modern Management Methods (New York: McGraw-Hill Book Company, Inc., 1954), p. 21.



executives.<sup>7</sup> Expansion of industry has created the greatest demand for managerial talent that this country has ever known. In addition, it has brought on decentralization which has further increased the need. A result of decentralization has been that men of executive caliber have not been equipped with the broad managerial skills necessary for them to function effectively in the complex social and political background of today. Organizations are composed more than ever before of men who are specialists in one field and, who in many cases have a limited perspective of today's management problems. To further complicate matters, there is an increasing tendency on the part of the young people of today to pursue very narrow formal educations. Because of such specialization, there is an increasing awareness on the part of management that unless plans are made for the development of well-rounded management personnel that top executive posts in the future will continue to be filled by specialists.

Philosophical Changes. The third factor is the most recent and has developed into one of the more important causes for the shortage of qualified executive replacements in many companies. It is the fact that major interest is being shown by groups of younger individuals in those

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<sup>7</sup>Ibid., p. 22

companies with very progressive managements. Many of these young men on entering the armed forces were required to exercise important management functions, and they found that by delegation of responsibility with commensurate authority that the job could be done successfully. This statement does not mean to imply that all military organization and management structure is efficient but merely to point out that the military services have played an important role in changing the philosophy of young management candidates. Upon returning to the business world, many veterans were unwilling to follow the slow progression policies of the more conservative organizations. More often they were attracted by the offers, not entirely monetary, of the more progressive organizations in which they would be given the opportunity to put their ideas to work. Many of the more conservative companies are finding this true and are now realizing that men who have worked up by the slow conventional promotion systems frequently do not reach top executive positions until they are past the age of maximum efficiency. Thus when unforeseen vacancies occur, such companies are forced to go to the outside. New blood in the organization is desirable to prevent inbreeding, but too often it is obtained on an involuntary basis in an attempt to compensate for past mistakes.

These three factors have been responsible for the shortage of qualified executives in our company just as they

have been for industry in general. In addition, the size of the company is rapidly increasing as demonstrated by the fact that the amount of insurance in force has doubled in the past decade. Assuming that the nation's population continues to increase at its present rate and economic conditions remain status quo, it is anticipated that, on the basis of past experience by the company and other companies in the industry, insurance in force will double again in the next decade. Such growth will require more and better qualified executive leadership.

Also, a number of our top level executives are approaching the retirement age of sixty-five. Of very significant interest in this respect is a ten year projected picture of the ages and retirement dates of the present executive staff of the company. This projection discloses that, of the present twenty-four department heads, twelve, or fifty per cent, will retire before 1966. A further analysis shows that, of the present thirty-eight company officers, fourteen, or thirty-seven per cent will retire during this same period.

The projected picture further discloses that there is a substantial age gap between the company's top management level, excluding the president, and the next management echelon, if the most logical replacement is considered.

In addition, there appears to be an insufficient number of qualified key personnel in the organization to compensate for scheduled and unscheduled losses and to meet future requirements due to anticipated company growth. These factors indicate very strongly that, unless action is taken to develop qualified executive replacements or buy them after they have been developed by other companies, the company will be faced with a problem of organizational instability in future years. In my opinion, the best approach that the company can take to insure its stability is to install a formal and systematic program for executive development.

#### IV. PROGRAM OBJECTIVES

The objectives of the development programs of the companies studied have been analyzed. Based on this analysis, the following objectives have been selected as representative of industry and applicable to our situation and, therefore, are recommended for adoption should the company undertake a program for executive development:

1. To increase the effectiveness of the present organization by assisting key personnel to function more effectively in their present positions.
2. To build a reserve of qualified personnel as replacements for key positions as they are

needed and at an age when they can contribute maximum service.

## V. PURPOSE OF STUDY

Based on the information stated in the preceding pages of this chapter, the following purposes for this study can be established:

1. To present an analysis and appraisal of the approaches to executive development being used in the companies studied.
2. To select those elements which appear best suited to the needs of the Life Insurance Company of Virginia.
3. To recommend these selected elements to the company in the form of a systematic approach to the development of executive personnel.

## CHAPTER II

### REQUISITES OF A SUCCESSFUL APPROACH

To this date, a formula which will provide a perfect solution to all problems which are involved in the development of executives has not been developed.<sup>8</sup> Furthermore, a program has not been developed which could be put into effect one day and from which desirable results could be produced the next. However, a number of companies have made excellent progress in developing programs to meet the particular needs of their own organizations. From the research and experience of these companies, plus that of other students of management, it can be concluded that there are certain factors or requisites which are essential for success and which should be considered by any company planning to undertake a systematic development program. These requisites of a successful approach are discussed in this chapter.

They are:

1. Acceptance of fundamental premise
2. Based on needs
3. Simple to administer

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<sup>8</sup>Louis Cassels, "You Can Help Managers Grow", Nation's Business, Vol. 44, No. 11 (November 1956), p. 65.

4. Support of management

5. Proper climate for growth

# I. ACCEPTANCE OF FUNDAMENTAL PREMISE

Any successful approach to the development of executive personnel must be based upon the fundamental premise that it is possible to diagnose the developmental needs of personnel, to plan for their systematic development, and to appraise their progress. Even though the job of managing has become more complex and dynamic in recent years, at the same time, it has become more identifiable as a result of increased research and experience. If those factors which are essential to managing can be identified, they can also be learned and taught.

In this connection, Harold F. Smiddy, a vice-president at General Electric, states that management is no longer an art, but it is fast acquiring the characteristics of a profession. This means that its principles can be discovered, stated, verified, taught, learned and applied systematically.<sup>9</sup> As a further illustration, Hallack McGord states that in the main executives are made not born, and that many of the things that go into the makeup of a high level executive are both

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<sup>9</sup>Harold F. Smiddy, General Electric's Philosophy and Approach for Manager Development (New York: American Management Association, 1955), p. 16.

learned and learnable.<sup>10</sup>

As these statements indicate, the conviction is growing in industry that the principles of management can be taught, learned and applied to the work situation to the advantage of the company and the person. In addition, such factors as a company's organization, its objectives, goals and management philosophy are identifiable and can be taught and learned systematically. On the basis of this conviction, the assumption can be made also that the development needs of each individual can be diagnosed fairly accurately and that his development progress can be measured. The acceptance of this premise is the first requisite of a successful approach to executive development.

## II. BASED ON NEEDS

Once the objectives for the development of executive personnel in an organization have been established, it must then be determined what path the company should follow in order to attain these objectives. Unfortunately, a single program has not been devised which will provide a satisfactory solution to all developmental needs in all companies. A program which functions effectively in one company may not

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<sup>10</sup>Hallack McCord, "Developing Tomorrow's Executives", The Office Economist, Vol. XXXVIII-No. 6 (Nov. -Dec., 1956)



be satisfactory at all if duplicated by another. The reasons for this are fairly obvious. First, no two jobs in different companies, or in the same company for that matter, are likely to have identical man specifications. And second, no two men are likely to possess the essential personal characteristics to the same degree. The result is that each man needs to be handled individually to bring out the best that is in him and to prepare him for his most effective performance. Therefore, a company should analyze its own situation, determine its needs and adapt its approach to development accordingly, for no plan that is intended to apply indiscriminately to the entire executive group can be expected to produce lasting benefits.

### III. SIMPLE TO ADMINISTER

Another important factor which must be considered is that the simpler the methods used, the greater are the chances for the program to be successful. This does not mean that sound developmental plans should be discarded because they are somewhat complex. But instead, it emphasizes the fact that if methods are used which everyone in the organization understands and accepts, the program has a much better chance for success than one which looks better on paper, but takes especially trained personnel to

administer.<sup>11</sup> Hence, the soundness and therefore the eventual success, of any program depends a great deal upon the degree to which it is understood and accepted by the line executives who have the final responsibility for its administration.

A second reason for keeping the development program simple is that such an approach is more likely to survive adverse changes in the business cycle. In this connection, Reilley and Muller-Thyrum are quoted as stating:

Benefits of a personnel program tend to be intangible and long term while costs are measurable and immediate. In the past we have all seen elaborate personnel programs wiped out by the first reversal of the profit trend. These same conditions affect executive development programs to an even greater extent.<sup>12</sup>

For these two reasons, a company should gear any approach to the company's actual operations and base it upon a more systematic application of methods which have been used informally in the past. A program established on this basis is less likely to be a casualty if a business recession should take place than one theoretically better but more complex.

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<sup>11</sup>M. Joseph Docher (ed.), The Development of Executive Talent (New York: American Management Association, 1952), p. 28.

<sup>12</sup>Ibid., p. 29.

#### IV. SUPPORT OF MANAGEMENT

Raymond L. Randall, a management training specialist of the U. S. Civil Service Commission, has stated: "With the right philosophy, almost any development plan will work. Without it, none will."<sup>13</sup> The point which Randall has emphasized is that executive development is much more than a systematic set of plans and procedures. It is also a state of mind which must saturate the organization. The program's success depends upon the spirit with which it is approached and the roles that are played by the company's top management and its line executives. These roles are discussed, individually, below.

Role of Top Management. There are always individuals in an organization who possess a natural resistance to change. Unless the present executive personnel are thoroughly imbued with the importance of executive development to the organization and to themselves, a similar resistance to the training program is likely to develop among them. The only person in the organization who is in a position to overcome the development of unfavorable attitudes is the chief executive. By displaying an active interest and by otherwise setting an example for his subordinates to follow, the president can

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<sup>13</sup>Cassels, loc. cit.

win support for the program, maintain organizational discipline and thus prevent a possible sabotage of the program before it has had a chance to succeed. If he is not convinced of the program's importance and is unable or unwilling to convey this conviction to his subordinates, the company would be better off to forget executive development. Although it may look good on paper, any program launched without top management support will be ineffective and any results obtained unsatisfactory.

Role of the Line Executive. Executive development is a line responsibility of present company executives. Every member of management should have the responsibility to provide training for subordinates consistent with their individual needs and those of the company. Arrangements for the delegation or for assistance in the performance of the various duties connected with the program should not relieve the division head, who in our company is the top line executive, of the final responsibility for the establishment and maintenance of adequate and effective methods for development. For the program to be successful, his subordinates must be fully aware of his sponsorship and of his interest in it.

It should be basic company policy that an executive's value to the company is increased when he finds and develops

executive replacements. Managerial personnel should be thoroughly imbued with this concept and made to realize it is one of their most important responsibilities. Top management should make every effort to instill in their subordinates a sense of pride in leaving behind them an organization of qualified personnel. It should be pointed out to the line executives that further promotions may be governed in part by the quality and availability of the understudies who have been developed. These are the challenges which must be used to emphasize to individual executives the importance of developing their subordinates.

As an illustration of the importance which companies place upon the development of personnel by the line executive, the Atlantic Refining Company states that the following are inherent responsibilities in all its management jobs:

1. Appraising the performance of management members and approving their performance in their present jobs.
2. Anticipating personnel needs in an organization before they become critical.
3. Locating management talent on a company-wide basis and determining the strengths and weaknesses of that talent.
4. Determining what type of responsibility this talent might be expected to assume and what the development requirements are.
5. Taking carefully planned steps to give this talent the type of experience, coaching and other forms of development it needs to be of greater service to the company.<sup>14</sup>

The acceptance by the line executive of such duties as a basic responsibility of his job depends upon the manner

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<sup>14</sup>Haabe, op. cit., p. 358.

in which top management conveys to him its conviction as to the importance of the development program. Perhaps the best way that his acceptance can be gained is for top management to seek his cooperation and to encourage his participation during the initial stages of the program's development.

When developed on this basis, there is a much greater chance for acceptance of the development responsibility by the line executive, and therefore, the success of the program.

#### V. PROPER CLIMATE FOR GROWTH

In every company, there are certain conditions or factors present which shape the management philosophy and policies that govern operations. For lack of a more descriptive word, these conditions or factors can be called the company's climate or atmosphere.<sup>15</sup> Since the senior executives usually are prone to follow the example set by the chief executive, and the junior executives the seniors, and so on down through the management echelons, the climate of the organization is created at the very top by the personal characteristics, attitude and methods of the president. Thus, top management's first responsibility, as far as executive development is concerned, is to create within the organization a climate which is conducive to growth.

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<sup>15</sup>Mace, op. cit., p. 130.

The establishment of such an atmosphere is not performed overnight nor is it a one-time proposition. Often time-honored concepts have to be overthrown and management's thinking has to be realigned even though past methods may have seemed to work satisfactorily. If maximum effectiveness from any approach to development is to be attained, such changes must be initiated at the top by the president and performed in such a fashion as to permeate the entire organization.

Since a man's superior is a major influence on his development, attempts to develop a favorable atmosphere should be pointed toward making this relationship the best possible. There are three basic practices which can be encouraged by top management in order to improve this relationship, but the success of any of them will depend on how they are accepted and how they are carried out later by all personnel with managerial responsibilities. The practices are of sufficient importance to warrant individual discussion.

They are:

1. Encouraging good human relations.
2. Establishing sound executive personnel policies.
3. Delegating responsibility.

Encouraging Good Human Relations. Probably the best way of demonstrating the importance of good human relations to an organization is to give an illustration of a specific

company where it has played such a role. In 1932, Charles P. McCormick became president of McCormick and Company of Baltimore, Maryland. Upon taking over the presidency, McCormick initiated a series of changes directly in contrast to those which had been practiced by the company prior to his appointment. Each of these changes was based upon the principle that the employee is a human being first and a factor in production second. Since 1932, the company has risen from a small local business to the largest spice and extract house in the world. In addition, it has become recognized throughout the business world for the progressive steps which it has taken to promote understanding in the field of human relations in industry. President McCormick credits the company's success and its program of development, "Multiple Management", to its advanced personnel and human relation policies.<sup>16</sup>

The one best practice that top management can initiate to improve personnel relations, and in turn assist in creating a favorable climate, is to stimulate and encourage the principle of employee cooperation and participation in various company projects and undertakings. By doing this when the opportunity presents itself, there is a much better

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<sup>16</sup>Charles P. McCormick, Power of People (New York: Bantam Books, 1949), pp. 7-10.



chance for the development of a spirit of mutual confidence, cooperation and individual morale within the organization. All of these are vital to the success of executive development and to the company.

In conclusion it can be stated that any approach to development, just as any other business system, should be based on recognition of the importance of the human element. Unless the needs and desires of the employees are recognized, the development program will not be accepted and, therefore, will be unsuccessful. By setting an example for its subordinates to follow, top management must play the leading role in the development of a good human relations program in a company.

#### Establishing Sound Executive Personnel Policies.

Closely related to the development and maintenance of esprit de corps and individual morale in an organization is the establishment of sound executive personnel policies. This means that policies should be stated clearly and in such a fashion that they are generally understood. In order to gain his acceptance and confidence, the policies, in addition, should be sound and above all, considered fair in the eyes of the individual executive. Otherwise, some executives, due to their own feeling of insecurity, may be reluctant to accept an executive development program.

Therefore, top management should examine and make a realistic appraisal of its present personnel policies. In order to get maximum benefit out of the program in terms of executive morale, company personnel policies pertaining to the selection, development, promotion and compensation of executive personnel should be revised where necessary and new policies established where they are needed. Finally, these policies should be announced and followed-up to determine if they have been accepted by the executive personnel as being sound and fair. If a company possesses a background of sound and considerate dealings with its personnel, the launching of the development program is made much easier and its chances for success are much greater.<sup>17</sup>

Delegating Responsibility. In many companies, there is an autocratic attitude at the top management level which retards individual development. This fact is evidenced by the executive who wishes to retain his authority and does so by exercising complete dominance over his subordinates and the work situation. When such an attitude exists in an organization, an executive tends to become reluctant to make a decision for fear of criticism or punitive action by his superior if an error is made. The atmosphere which results

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<sup>17</sup>Doohar (ed.), op. cit., p. 37.

is not conducive to developing personnel for executive positions.

There are a number of practices which top management can encourage to overcome such attitudes on the part of its executive personnel. Some of these are: (1) stimulating subordinates to plan; (2) being inquisitive although the answer may be known; (3) assigning special projects to test the subordinate's ability; and (4) refusing to make decisions for them, but always being available for consultation.<sup>18</sup>

Satisfactory performance of each of these practices depends upon the willingness and the ability of executives to exercise the fundamental management principle of delegation. It is perhaps the most important element contributing to a healthful organizational climate. Few practices do so much to promote and encourage cooperation among all levels of management as the delegation of decision-making together with commensurate authority to the lowest possible level. If an error is made, any criticism should be constructive and in privacy. In this way, the fear of criticism and punitive action can be eliminated and a man's confidence will be increased, making him a much more valuable member of the organization.

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<sup>18</sup>John Corson, "Managers Need 3 Smart Teachers", Reprinted from Nation's Business (January 1957).

Junior executives should be given responsibilities which require study, concentration and hard work to accomplish. Only in this way will they be able to learn the necessary skills which will be required of them in higher management. This argument for delegation of responsibility to the lowest possible level can be summarized and concluded by quoting a statement by Raymond L. Randall in Nation's Business. He states: "Management skill, like all other skills, develops through practice. It is a lot cheaper to let tomorrow's officials get some practice before they reach the level when a mistake might cost \$100,000."<sup>19</sup>

## VI. SUMMARY

A formula which will provide a perfect solution to the development of executive personnel has not been found. However, through the research and experience of companies and management students, it can be concluded that there are a number of requisites which are essential for a successful approach. First, the development program must be based upon the fundamental premise that development needs can be diagnosed, development plans made and progress appraised. Experience has indicated and the conviction is growing that the principles of management and other more specific facts

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<sup>19</sup>Cassels, loc. cit.

concerning a company and its organization can be taught, learned and applied systematically.

A second requisite to a successful approach is that the program should be based upon the particular needs of the organization. A successful program in one company is not likely to function effectively when duplicated by another. Third, the program should be kept as simple as possible to administer for two reasons: (1) It is easier to understand and more likely to be accepted by the line executives; and (2) it is more likely to withstand any adverse changes in the business cycle. Fourth, a successful approach is determined by the philosophy and spirit behind it even more so than by the tools and procedures used. Top management must play the leading role in overcoming any resistance and unfavorable attitudes. The line executive should have the basic responsibility for the development of his subordinates into qualified executive replacements.

The final requisite of a successful approach is the creation of a climate which is conducive to the growth of executives. This climate must be created at the top by the president and it must permeate the entire organization. There are three practices which can be performed by top management to build a better organizational climate. They are: (1) encouraging the practice of good human relations; (2) establishing sound executive personnel policies; and (3)

delegating responsibility to the lowest possible level.

All of the requisites discussed above are essential to the success of executive development. The importance of the role that each plays should be recognized and given thorough consideration before any program of executive development is undertaken.

## CHAPTER III

### PRELIMINARY STEPS TO DEVELOPMENT

The opinion appears to be widespread among management people, who have not had previous operating experience with formal executive development programs, that executive development is merely the systematic application of training techniques and tools to management personnel in the organization. Unfortunately, the establishment of an effective development program is not that simple. Companies, which have had successful experiences with programs, have found that there are a number of preliminary steps which are essential elements for a successful program and which should be included in a program of executive development.

These preparatory steps provide the solution to such important personnel development questions as: Who are the key people who must be responsible for accomplishing the company's objectives? How many of them are in the present organization? What do they do? What should they do? What are their ages? Who are their potential replacements? Needless to say, the answers to these questions are not only essential to the success of a personnel development program, but also to the company. Hence, the steps involved in obtaining them should be considered an important part of any

executive development program. These elements are classified and discussed in this chapter under the broad headings of organization planning, personnel inventory and appraisal and selection of personnel for development.

## I. ORGANIZATION PLANNING

The first preparatory step leading to a systematic and successful executive development program is sound organization planning. For the purpose of this study, it is defined as the steps which a company must take to assign and define responsibility and authority in order that its members may function more effectively as a team. Included among these steps are the determination of the specifications for the positions to be filled, a forecast of the future organizational structure, and the definition and alignment of duties, responsibilities, limits of authority and relationships of jobs. The gathering of such data is essential in order for management to be able to apply training techniques and thus develop executives to meet the future needs of the company. A logical sequence of steps for conducting an organization study are discussed below. These steps are:

1. Analysis of Present Organizational Structure
2. Development of an Ideal Structure
3. Long-range Projection of Organization



#### 4. Preparation of Key Position Analyses

Analysis of Present Organizational Structure. Before any attempt can be made to forecast future executive needs, an analysis must first be made of the company's present organizational structure. The purpose of such an analysis is to determine the key positions and key personnel in the organization and to define their relationships and lines of authority.

In order to get the most accurate picture of the organization as it now exists, the usual approach appears to be to ask line management, which should be the most concerned and best informed source, to submit organization charts containing all key positions of their respective divisions. An excellent check on these charts is to reverse this procedure and ask the employees to submit statements as to whom he reports and who reports to him. Once these charts and statements have been submitted and reconciled, management is then in a position to develop a company chart. When completed, this chart should be carefully scrutinized for any defects or distortions. To aid in this organizational analysis, Ewing W. Reilley has developed a check-list of questions, based on the principles of organization, which have proven useful in welding people into an effective team.

A few of these questions are:

1. Has specific provision been made for the supervision of all essential activities?
2. Have any functions been assigned to more than one unit?
3. Have the responsibilities of any individual become too numerous or complex to be handled effectively?
4. Have responsibilities been properly classified under an individual?
5. Are the responsibilities assigned to each individual clearly defined, understood and in writing?
6. Does each executive have authority commensurate with responsibility?
7. Has authority been delegated to the greatest extent possible?
8. Do executives have more subordinates reporting to them than they can supervise?
9. Does each member know to whom he reports and who reports to him?
10. Do some persons have more than one supervisor or none?
11. Is the organization structure recognized by executives in dealing with subordinates?
12. Is the present organization best adapted to the job at hand?
13. Has the organization been kept as simple as possible?<sup>20</sup>

These are some of the questions which management must ask itself about its organization. When, after thorough analysis and study, the answers obtained do not adhere to the principles of sound organization, action should be initiated to correct the defects. There are a number of methods which have been used by industry to approach the problem. In some cases an outside consultant has been called in to complete the study and hand over to management a finished plan. Another approach which is advocated by some

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<sup>20</sup>Doohar (ed.), op. cit., pp. 44-46.

is to conduct a series of conferences of key executives to analyze organizational problems and make recommendations. Some companies have used a combination of the above two. Finally, some companies already have or have appointed a qualified individual as a planning director to complete the task and make his recommendations. Since it overcomes some obvious disadvantages of the other methods, the latter approach appears to offer the best solution. Regardless of the approach used, the data obtained from such a study should prove invaluable in outlining what shall be the scope of the executive development program.

Development of an Ideal Organization. Once the study of current operations has been completed and provision has been made to correct any organizational defects and to predict the company's physical growth, the company is then in a position to set up a chart which will serve as a guide in making future improvements either in operations or personnel. This ideal chart presents a picture of management's hope for the future. It may never be attained, but it serves as a basis of comparison in checking the adequacy of the present structure; as a guide in making immediate improvements which can be effected without too much difficulty; as a very valuable clue as to what the organization will be like both structurally and personnel-wise; and as a long-

range goal to work toward as it becomes opportune to make changes.

To be effective, such a plan should be started from scratch and laid out with complete objectivity. Existing set-ups, personalities, and traditions must be forgotten. The plan should be worked out not as it is, but as it should be, if one were free to start anew. Its main objective is to design an organizational mechanism through which the chief executive and his associates can most easily and effectively manage the business.

Long-Range Projection of Organization. It was stated previously that one of the benefits which could be expected from developing an ideal organization chart was the fact that it would offer a very valuable clue as to what the organization would look like personnel-wise in the future. To be of maximum benefit in this connection, the ideal chart must be carried one step further. This step is the projection of the ideal chart for a period of five to ten years and to include all present key positions plus those which are expected to develop due to normal growth and the development of new lines.

Once an accurate estimate of these projected needs are made, management will then be able to determine how many executives must be developed to meet them. However,

before executive needs by divisions can be determined, the thinking between top management and the division heads must be coordinated as to future company plans in each division. Plans must be made for such factors as normal growth, technological changes, development of new lines, realignment of responsibilities, changes in company objectives, etc., because any one of these factors may result in wholesale changes on the executive personnel front.

Preparation of Key Position Analyses. Organization charts point out the positions to be filled, but by inference only do they suggest the qualifications which an individual must possess to satisfactorily perform them. Experience by other companies has demonstrated that a complete analysis of all projected key positions is the most effective means for determining the duties and responsibilities to be performed by the incumbent, the extent of authority he shall exercise, the relationships he must maintain, and the man specifications necessary for satisfactory performance.

It is essential to have on paper a correct and full picture of the company's organization structure as represented by the individual positions that go to make up the structure. An adequate evaluation of a company's key personnel in terms of current performance level, developmental needs, and potentialities would be difficult, if not

impossible, to obtain without specific data to measure them against. Hence, to obtain a complete picture of the organizational structure and to establish the needed criteria, a position analysis should be written for every key job in the company. Only by doing this will it be possible to establish a concrete and objective measuring stick to evaluate people who are being considered for development within the company.

When properly constructed, the descriptions and specifications have been found by the Continental Can Company to serve many useful purposes in connection with executive development. For example:

1. To supply specific answers as to what, why and by whom functions should be carried out.
2. To provide a medium for assigning responsibility.
3. To provide guideposts for the execution of developmental plans for promotion.
4. To provide criteria as to the requirements of key positions for purposes of selection, recruitment and salary administration.
5. To establish the most logical line of personnel movement in the organization structure.
6. To crystallize the incumbent's thinking as to what is expected of him.
7. To identify to the incumbent the job's major responsibilities.
8. To clarify the relationship of the key position to other positions in the organization.
9. To provide a basis against which the incumbent's performance may be appraised.
10. To set forth the qualifications necessary to perform satisfactorily the assignment.<sup>21</sup>

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<sup>21</sup> Organization Development Program, Continental Can Company, American Management Association Personnel Orientation Seminar 981 (New York April 1, 1956)

In addition to correcting organizational defects and offering the other usual advantages in connection with the principles of organization, sound organization planning provides the only accurate basis for forecasting long-range executive needs. With the completion of projected organization charts to include all key positions and the preparation of position analyses for the same projected positions, management will then be able to determine what it will need in the way of quantity and quality in the future.

Organization planning also assists in successful executive development by providing a basis for:

1. Selecting candidates for development from both within and outside the organization by establishing qualifications and training and experience specifications for each key position.
2. Planning the training of candidates on the basis of the specifications for his position.
3. Appraising performance regularly by comparing it with objective criteria mutually agreed upon by the superior and the subordinate.
4. Establishing promotional lines for positions of higher responsibility.<sup>22</sup>

## II. APPRAISAL AND INVENTORY

After the future key positions of the organization have been indicated by organization planning, it must then be determined what personnel are now available or will be available after development to fill these positions. Hence,

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<sup>22</sup>Doohar (ed.), op. cit., p. 51.

before it can consider actively embarking on executive development, a company must appraise and inventory its current key personnel to determine such factors as who is effective, who is only fair, who is poor and where are there gaps, if any, in the organization? In other words, a good inventory of current executive personnel is necessary before a basis will be present for improving the situation. Initially then, the purpose of personnel appraisal and inventory is to determine those who are now qualified for positions of higher responsibility and those who will be qualified later after further development. Once the development program has been installed and is in operation, additional purposes of the appraisal system are to indicate progress since the last appraisal and, probably most important of all, to reveal the individual's strengths that can be capitalized upon and to point up weaknesses that should be bolstered to provide a well-rounded executive.

The appraisal or evaluation of executive personnel is far from being accepted as a standard management practice. In fact, it is the most controversial, and is considered by many to be the fundamental weakness in any development program. In this connection, Stryker sums up the feeling of many by stating: "Quite simply, the chief weakness is in the lack of any precise means of judging executive ability.



Appraising performance is not difficult, but appraising potentialities involves the basic problem of the nature of leadership. This problem cannot be solved by listing traits and then trying to assess executives accordingly."<sup>23</sup>

In spite of such a pronounced weakness, companies with successful experiences with executive development recognize their personnel appraisal systems as the heart of their development programs. The systems of such companies recognize present and past performance as the best forecast for future performance. Consequently, an evaluation of how a man carried out his responsibilities in the past is likely to indicate the degree of his success in the future. The following statements by Guy Fergason summarize very adequately the feelings of those in favor of personnel evaluation as a basis for estimating potential:

Those who argue against personnel appraisal due to human weakness in the method, as the basis for their unwillingness to accept it as a valid device, forget one important point - rating is being done every day and the question is one of either rating by unrestricted play of opinion or by a planned and uniform procedure. Criticizing employee rating and refusing to use the device because of such weaknesses is like doing away with all courts of law because some phases are imperfect.<sup>24</sup>

Thus, even with its defects, the conclusion is that some type of personnel appraisal is better than none and

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<sup>23</sup>Stryker and the editors of Fortune, op. cit., pp. 28-29.

<sup>24</sup>Guy Fergason, "Recruiting, Rating and Paying Management," Best Insurance News - Life Edition, Vol. 57, No. 10 (February 1957) p. 42.

that a systematic written appraisal has much greater value than an informal method of evaluation. In fact, a formal appraisal system is essential to the success of executive development and should be considered standard equipment in a development program. There are four basic tools now being used effectively by management to appraise and inventory its key personnel. They are:

1. Personal Questionnaire
2. Psychological Tests
3. Appraisal Form
4. Replacement Chart

Personal Questionnaire. To commence an inventory of key personnel, most companies use a personal questionnaire form to obtain up-to-date personal history data to supplement that already on the employee's application file. In addition, space is normally provided on the form to give the individual an opportunity to express his views in connection with his abilities, interests, training needs and experience background. To keep an accurate and current file of such personal data, questionnaires should be completed periodically, preferably annually or as requested by the employee. The information provided should be followed up, reviewed and discussed by the program administrator with the employee's immediate supervisor in order that maximum

usefulness can be derived.

Psychological Tests. A sound approach to the appraisal problem is through the use of psychological tests. In applying the techniques of psychological testing to the evaluation of potential management ability, psychologists have come a long way in the past. It has long been recognized that tests of intelligence, aptitudes and skills could only partially predict a man's ability to succeed. The reason for this is that a large percentage of failures was discovered to have been caused by lack of interest or weaknesses in personality. In order to compensate for these weaknesses, personnel psychologists have relied more and more on interest and personality tests. The greatest strides in this direction have taken place since World War II when interest was quickened by experiments with military personnel.

Even with this increased emphasis on psychological testing for the prediction of executive success, suitable tests are available in only a few of the areas concerned in management appraisal. They can reflect little or nothing of such vital factors as character, competitive drive, business judgment and administrative skill.<sup>25</sup> Hence, such tests have not been found by experienced companies to be an infallible way to spot future executives. However, some

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<sup>25</sup>Haabe, op. cit., p. 358.

companies have had favorable experience with some tests, particularly personality and interest tests, as a supplement to other appraisal devices. The general opinion therefore is that psychological tests decide nothing in themselves, but their chief use is to confirm the conclusions which have been drawn by the other main appraisal tool, that being the personnel appraisal form.

In addition to the limited areas of effectiveness, psychological tests also possess other disadvantages which further limit their usefulness. First, many of the tests, such as the Rorschach ink blot tests and various situation tests, are by their very nature no better than the clinical skill of the psychologist who interprets them. Unfortunately, there are but a few psychologists in the United States who have specialized in psychological testing and are competent practitioners.<sup>26</sup> Second, even if a trained psychologist is available, he must be familiar with the company jobs to be of maximum service. Finally, the costs involved in setting up and administering a psychological testing program is expensive and very often results neither can be observed nor proven reliable and valid.

Only a small percentage of those companies interviewed in making this study used psychological testing as a predictor

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<sup>26</sup>Stryker and the editors of Fortune, op. cit., pp. 31-33.

of executive success. Those companies that do use them realize that no single battery of tests has yet been developed which is entirely dependable. But some feel them to be very useful when they are used to supplement other techniques for judging and appraising key personnel. Therefore, in conclusion, it is apparent that much study and research still needs to be done to improve psychological tests and their administration before they can be considered a reliable, valid and economically sound means for the appraisal and inventory of executive personnel.

Appraisal Form. By far the most widely used and accepted tool for the appraisal of executive personnel is the individual appraisal form completed by the appraisee's superior or superiors. Specifically the form is used to appraise the present performance of the present incumbent of each key position on the basis of written responsibilities and established man requirements for that position. The use of such an appraisal tool is based on the fundamental premise that an employee's past performance is the best indication of his future success in positions of higher responsibility, or in other words, his potential ability.

A number of the companies studied have developed systematic and well-planned appraisal forms. The component parts of the forms used by these companies can be summarized

as follows:

1. A cover sheet containing the appraisee's name, department, position, appraisal period, date, etc., and instructions to the appraiser.

2. A sheet for the attaching of an up-to-date description of the appraisee's present job duties and responsibilities.

3. A sheet for appraising the performance of the individual during the rating period in carrying out the duties specified on the attached job description. The purpose of appraising performance on this basis is to encourage the appraiser to base his rating on facts, not opinions or hearsay, by citing specific incidents to support his rating.

4. A section devoted to appraising the candidate's promotability by having the rater list first of all the position for which the appraisee should be considered for promotion and then basing and stating his opinion of promotability as to how well the individual meets the requirements of the considered position.

5. A development schedule to be completed by the appraiser giving his recommendations for a program of improvement to overcome the appraisee's weaknesses and to prepare him for the next position of higher responsibility with the date such proposed action will be taken.

6. A section to indicate that the results of the appraisal have been reviewed with the appraisee and that the appraisal has been reviewed by the superior of the appraiser.

The frequency of rating key personnel varies among companies. Of course, it is essential that all key personnel be rated before embarking upon a development program for two reasons: (1) to inventory the personnel now available in order to determine those who possess potential to fill executive needs forecast earlier and (2) to indicate the strengths and weaknesses of these key personnel in order that individual development programs can be targeted toward the areas of greatest need. Once this initial

appraisal has been completed, appraisals are completed from then on at periodic intervals, usually annually. The important thing is that the appraisal is repeated periodically and not allowed to falter, since like all other aspects of executive development it is a continuing process and not a one-shot proposition.

In order to get maximum results out of the personnel appraisal, most companies encourage the review of the appraisal with the appraisee.<sup>27</sup> It is of sufficient importance to warrant further discussion. In the first place, when conducted properly it offers a very valuable means of communication with the employee and to inform him of the value the company places on his services. It identifies to him his weaknesses and how his performance is affected by them. It allows him to question the appraisal and express his reaction. And, finally, and probably most important of all, it offers him an opportunity to agree with his superior on a plan of individual development. As will be discussed later, executive development is basically self-development, therefore, it is important that the need for development be instilled in and accepted by the employee if development plans are to be successful.

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<sup>27</sup>Cassels, op. cit., pp. 67-68.

Perhaps this discussion of the importance of the role of a thorough and objective appraisal system to successful executive development can be summarized and concluded best by stating a number of purposes that such an evaluation will serve. Some of these are:

1. Provides a means to detect administrative and functional weaknesses in the organization before excessive loss in time, money or personnel has occurred.
2. Reveals management strengths that can be capitalized on, and points up weaknesses to provide a well-rounded executive.
3. Gives management the opportunity to shape the individual to the job rather than the job to the individual.
4. Emphasizes to the incumbents of key positions the importance that management places in their development.

Replacement Charts. On the basis of all data which has been obtained by organization planning, by the preparation of job analyses and by the completion of key personnel appraisals, management is then in a position to make an accurate forecast of its future executive needs. In order to present a clear picture of this information most companies prepare what are commonly known as replacement or organization-replacement charts, usually in the form of its projected organizational structure. The purpose of such charts is to give a working list, not necessarily a final selection, of the best prospects for leadership within a company. It serves as a very valuable inventory tool in planning and executing executive selection and development, and in utilizing more effectively personnel to meet the needs of



each division and of the company.

The replacement table, which actually is a key personnel inventory, reveals the company's present status and a look-ahead in personnel. It answers at a glance such questions as: Who is in each key job? Who is ready to replace him? How long before the replacement will be ready? How does each key individual rate on over-all performance and potential ability?

In addition, a replacement chart points out the logical lines of progression, both horizontally and vertically, that lead from one position to the next. Of course, any progression will depend on a number of factors, both scheduled and unscheduled, such as retirements, deaths, disabilities, resignations, etc. Thus careful study must be made of these to keep the forecast of needs as accurate as possible. If done realistically and accurately, management can then plan for an individual's development for every position vacancy as it occurs. A glance at the replacement chart will determine the weak spots in the organization both as to the incumbent and the replacement. This leads directly to an assessment of the positions that need strengthening both for best current performance and for long range effectiveness of the organization.

### III. SELECTION OF PERSONNEL FOR DEVELOPMENT

Before any program for development can be launched, there must be present within the organization personnel who possess potential ability to perform those jobs which are considered key. The organization-replacement chart upon its completion should readily identify those areas in the company structure which are strong or weak personnel-wise. The company's first concern and initial effort should be targeted toward those areas which need immediate strengthening. Normally, the most logical and productive source of supply and that which in all cases should be given first consideration is the present employee. Top management should feel that it has failed to meet an important obligation to its employees when it is forced to go outside of its own ranks to find qualified people to fill positions of major responsibility. In this connection, Ralph C. Davis states: "The policy of promotion from within is generally accepted by management as laudable because of the strong stimulant it possesses; but if not carefully controlled, it may result in such detrimental disadvantages as organizational inbreeding, loss of mental flexibility and thought, and the feeling of a vested interest in their jobs by long service employees. These disadvantages can lead the organization to defeat if employees place personal objectives above

service objectives."<sup>28</sup>

To fill those vacancies in key positions which cannot be handled by internal promotions or transfers, it is necessary to have sound personnel administration policies for the recruitment and selection of qualified personnel from outside sources. The most productive outside source for replenishing the supply is the college campus. This does not mean to imply that the college campus is the only source for recruiting future executive personnel. For example, some well-qualified high school graduates of considerable promise are unable to continue their education. Others of ability may be currently unemployed or may desire to change occupations for a variety of reasons. These sources cannot be overlooked, but the general feeling among business concerns today is that the college youth with his additional training is more likely to possess those attributes which are felt to be essential to executive success.

There are other sources of supply which also should not be overlooked. Some private placement agencies now specialize in the handling of trainee personnel. Many of

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<sup>28</sup>Ralph C. Davis, The Fundamentals of Top Management (New York: Harper and Brothers, 1951) p. 493.

these agencies also offer such services as psychological testing, evaluation of individual traits and furnish other pertinent data as requested. Social and professional organizations are other sources. And last, but certainly not least, especially for those companies who feel that it is cheaper to buy than to develop, other enterprises offer a most productive source.

This report is not particularly concerned with the techniques and tools of recruiting and selection which must be employed by companies today to compete in a labor market where the supply is recognized to be limited and where costs are spiralling. Suffice it to say, that recruiting and selection of top qualified personnel has today become "big business." As a result, any company which wishes to compete on a successful basis, must establish aggressive personnel policies. With the labor shortage as it is today, companies which maintain a passive policy toward recruitment are not apt to get their share of qualified personnel.

#### IV. SUMMARY AND CONCLUSIONS

There are a number of preliminary steps which should be considered essential elements and which should be included in a program of executive development. The first of these steps is sound organization planning. It involves the

determination of man specifications for key positions, a long-range projection of the organization's structure and the definition and alignment of duties, responsibilities, authorities and relationships of all key jobs. Such a study offers the following advantages: (1) corrects organizational defects, (2) provides an accurate basis for forecasting long-range executive needs, (3) provides a basis for selecting candidates for development, (4) provides a basis for planning individual development programs, (5) provides criteria to appraise key personnel performance, and (6) provides a basis for establishing promotional lines for positions of higher responsibility.

The second preparatory step to executive development is the appraisal and inventory of all key personnel at regular periodic intervals. There are four basic appraisal and inventory tools: (1) personal questionnaire, (2) psychological tests, (3) appraisal form, and (4) replacement charts. These tools serve the following useful purposes: (1) provides a basis for planning individual development programs based on the strengths and weaknesses of the key employee, (2) determine qualifications of present key personnel, (3) disclose areas within the organizational structure which need strengthening, (4) provide a basis for promotions and transfers, (5) provide an opportunity

to shape the individual to the job rather than the job to the individual, and (6) provide at a glance organizational weak spots.

The third step is the selection of personnel for development. The most logical and productive source of supply and that which should be given first consideration is the present employee. To fill those vacancies which cannot be filled from within, aggressive action should be taken to recruit qualified personnel from outside sources. The most productive outside source is the college campus. Other sources are well-qualified high school graduates, dissatisfied or currently unemployed persons of ability, private placement agencies, other companies and social and professional organizations.

Experience has indicated that the performance of these preparatory steps to development requires a great deal of research and study, executive time, and money to carry them to a successful conclusion. Furthermore, the detail which is involved in the adequate performance of these steps may be such a burden that executives may lose sight of the program's ultimate objective, that being the development of a sufficient number of well-qualified executive replacements. However, the conclusion is that if a company attempts to conduct a development program on an

informal basis and without proper preparation, the chances are that the program will not operate at full effectiveness and any benefits received are not likely to be satisfactory.

## CHAPTER IV

### APPROACHES TO DEVELOPMENT

Unless the preliminary steps to development are integrated with development programs which have been planned and scheduled on an individual basis and designed to correct weaknesses or to increase strengths, they will lose their effectiveness and disintegrate. The responsibility for conducting periodic and comprehensive appraisals and planning the development of subordinates is inherent in the manager's job. In addition, the superior must review the appraisal results with his subordinate in order to have him recognize his weaknesses and to create within him the desire to improve. Executive development is basically self-development; hence, the recognition of the need for training and the creation of the desire to improve in a management candidate is more important to his development and to the success of the development program than any training tool devised. Mutual agreement can then be reached by the manager and his subordinate on developmental plans based on demonstrated needs, qualifications and potential ability. The remainder of this chapter is devoted to a discussion of the final step to an effective executive training program -- that being the application and



administration of development techniques.

## I. INDIVIDUAL VERSUS GROUP APPROACH

There are two divergent conceptions in industry today as to the most effective method to develop executive personnel. They are the individual approach and the group approach. The question as to which of these will become dominant is still at issue.<sup>29</sup> The older of these two approaches adheres more or less to development techniques applied on an individual basis. This approach can be characterized in a very general way by several of its most outstanding features. A young individual is promoted or hired to do a specific key job, is given a brief orientation of the company and is then placed on the job for which he was employed. The training he receives, including on-the-job coaching, is usually determined by his strengths and weaknesses displayed in the performance of that job. If after some years he has proven that he possesses potential ability for middle or top management positions, he may be given special training to develop his overall management perspective such as top level rotation of assignments, special understudy training or sent through an advanced executive

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<sup>29</sup>William H. Whyte, Jr., The Organization Man (New York: Simon and Schuster, 1956), p. 112.

development course offered by a college, university or business association.

The newer approach is much more intensified. A company will hire a young individual as a potential manager or it will nominate a present employee, who has displayed potential in the performance of his present duties, for development. This individual joins a group of similar candidates in a central development pool. With the others, he is exposed to a number of development tools for a period of some two to four years. After the completion of this program, he is assigned to a specific job according to the area in which he has displayed particular ability or according to the needs of the company at that time. From this time on the characteristics of the two approaches to development are similar.

Among those companies whose development programs were studied, there were a number which employed the individual approach and almost a similar number which used the newer group method. The question as to which type is more effective in a particular company at a particular time seems to depend entirely on the existing situation. For this reason, no positive conclusions can be drawn in this connection. However, this study of some forty companies indicated

that the general trend in the past few years has been toward the individual rather than the group approach. Two basic reasons could be established for this: (1) that sooner or later an effective manager must learn by doing regardless of any other tools to which he might have been subjected, and (2) that there is almost a complete lack of agreement on the part of industry as to those qualifications which go to make an effective manager, and therefore, it is felt that development techniques can best be applied and more effectively administered on an individual basis according to the particular areas in which the individual has demonstrated strengths or weaknesses.

After a close analysis of executive development in action in other companies and an equally thorough analysis of the situation at the Life Insurance Company of Virginia, it is felt that we should concentrate our efforts on the individual rather than the group approach to the development of personnel. The following reasons, in addition to those discussed in the preceeding paragraph, are offered in support of this conclusion.

1. The individual approach appears to be better suited to companies with a relatively smaller number of employees to be developed. The home office staff of six hundred employees, of which only approximately one

hundred and twenty-five are considered key personnel, places the company in this category.

2. The cost of installing, operating and maintaining a program based on an individual approach is likely to be much less expensive than the group approach because the actual administration will be less and fewer employees will be needed. Hence, the program has a better chance to continue in operation during periods of recession.

3. There is much less chance of personnel in the development program being thought of as "crown princes" and thus better organizational morale is likely to exist.

4. The candidates are much more likely to prefer to settle down immediately to a specific assignment rather than be shuffled around for a period of two to four years.

5. A substitute has not been found for on-the-job coaching of a subordinate by his immediate superior as a training device.

## II. TOOLS OF DEVELOPMENT

Once the candidate has been appraised by his superior and the desire for improvement has been created in him, the appraiser is then in a position to draw up a mutually agreed upon schedule for the individual's development. This schedule should outline the tools or techniques of development to be

used and should state the approximate date that such development will begin and the date that it is contemplated to end. There are a number of tools which are now being widely used to aid in the development of executive personnel. A discussion of the more important aspects of these tools follows.

Orientation. One of the first, and yet most lasting, impressions that an employee receives of a company, his specific assignment, and of management is that conveyed during his first few days of exposure to his new job. Thus, it is essential both from the employee's and management's standpoint that this impression be a good one.<sup>30</sup> In this respect, orientation is equally essential to an employee who has come up through the ranks as it is to the new employee. Chances are that the older employee has never had the opportunity of being carried through such a program.

The responsibility for the development and maintenance of a successful program should be placed on the division head with the Personnel Division responsible for lending staff assistance if it is requested. The purposes of the training should be to acquaint the new employee with the

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<sup>30</sup>Oscar Harkavy, Leadership for Life Insurance (Chapel Hill, N. C.: The University of North Carolina Press, 1955), pp. 123-124.

policies, practices and procedures of the company and various operational divisions and to give him a general introduction to the subject of life insurance, the role it plays in society and the company's place in the industry. The length of the indoctrination period differs among companies. Some companies were found to give a short program of one to two weeks before initial job assignment. Others lengthened this period before assignment to six or eight weeks. Still others assigned the person to a job immediately and indoctrinated at a later date, the idea being to first thoroughly familiarize the individual with his own job and own division before he was subjected to the remainder of the company. In this way, it was felt that the employee would be better prepared to adjust himself for orientation in other divisions.

On The Job Training. Mace in his study of executive development concludes "that the most effective way of providing for the growth and development of people in manufacturing organizations is through the conscious coaching of subordinates by their immediate superiors."<sup>31</sup> A major conclusion of this study also has been that the most effective way of learning what is involved in the

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<sup>31</sup>Mace, op. cit., p. 108.

performance of executive functions is by doing. Industry has yet to find an adequate substitute. However, even this most universally accepted of all development tools is not without its disadvantages. Chief among these is the fact that it is not any stronger than the person who has to administer it. Thus, its success depends upon the willingness and the ability of the present executive personnel to create a climate conducive to growth and to coach and counsel the individual effectively.<sup>32</sup> These characteristics are not always found in all persons who have the responsibility for developing others.

If this major disadvantage is non-existent, the advantages which are offered by this development tool are many. First, as stated previously, the one best way to learn is to learn by doing. Second, development techniques can be applied on an individual basis and according to individual need. Third, there is less chance for executive candidates to build up artificial hopes for promotion. Fourth, the initiative of those not being groomed for promotion is less likely to be destroyed. And, finally, its cost is small when compared with most other methods of development.

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<sup>32</sup>Michael J. Jucius, Personnel Management (Chicago: Richard D. Irwin, Inc., 1951), p. 284.

Rotation of Assignments. Frequently, an individual requires varied types of experience in all company operations to equip him for promotion to a position of greater responsibility. One of the best techniques being used to overcome specialization and to broaden a person's overall management perspective is through job rotation. It is adapted for use within departments or across departmental lines. Generally, such training is performed early in the careers of executive personnel and in many of such cases, permanent assignment to a particular job is not made until a specified period of years is completed. However, some companies wait until the candidate is well on the way up the executive ladder and still a third group makes rotation of assignments a continuing process. An important requisite for success of this type of learning is the setting of goals which the trainee is expected to acquire at each position.

In many cases depending upon the individual situation, job rotation has some very serious disadvantages. First, unless carefully planned and controlled, it can be a very expensive method of development. Second, more top qualified personnel are normally needed. Third, job efficiency may be lowered due to a person not staying at one post long enough for the most effective job



performance. And, finally, candidates being rotated at this level are immediately identified as "fair-haired" boys or "crown princes."<sup>33</sup> For these reasons, job rotation is usually confined to those companies who possess a comfortable profit margin and are well supplied with qualified key personnel.

Committee and Special Project Assignments. This technique is generally accepted as one of the better tools of executive development. By being assigned to standing company committees, the individual learns by both listening to and participating with experienced executives. He finds out what others think about current company or industry problems and becomes acquainted frequently with what goes on behind the scenes. The individual, depending upon the committee and his status, may or may not have voting privileges extended to him. The general procedure is for him to be assigned special projects in current problem areas to study and to make recommendations to the committee as to their solutions. Rather than being assigned to a committee, the individual may be given special projects to report on by his superior. In either case, these assignments are generally

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<sup>33</sup>Stryker and the editors of Fortune, op. cit., pp. 28-29.

an addition to and not a substitute for his regular job. In addition to being an excellent tool because of its economical and developmental aspects, such assignments provide an excellent opportunity for personal appraisal of candidates. The major criticism of it is that it may be identified as "crown prince" treatment. However, if this can be overcome and the individual assigned to do the study is allowed to take sufficient time to perform a thorough study, this method can be very effective.

Conference Training. One of the most effective off the job training methods is the use of periodic group conferences at various management levels. Generally speaking, this tool is similar to committee assignment with the exception that planned sessions under ideal conditions are usually substituted for the practical problems which committees have to face. A variety of subjects may be discussed concerning the company, the industry or current problems of the day. Its main purpose is to teach the candidates to participate and work with others in solving problems. Its success depends upon the ability and the know-how of the conference leader. To gain full advantage of it as a developmental aid, most companies provide for the

candidates to be rotated as conference leader in order to improve their confidence and presence before a group. Role-playing and case studies are used effectively as training aids, but it is often difficult to arouse an executive's interest in them.

Understudy Appointments. In a number of companies, many positions have been established and labelled as "assistant" or "assistant to" in order that key employees may be assigned to them for the purpose of broadening their management perspective. Normally, each company executive from assistant division head through the president is assigned such a key employee as an understudy. The understudy, in addition to his regularly assigned duties, is expected to prepare himself to perform the duties of his superior when he is away from the company. Moreover, it is generally accepted that the understudy is being groomed to replace his superior when his job becomes vacant. The major advantage from understudy training is that the executive candidate is schooled in the position that he will be expected to perform in the future, and as a result, he should become well acquainted with the duties and responsibilities to which he will fall heir.

However, this development tool suffers several

weaknesses which may well outweigh its advantages. In the first place, an understudy may not be given sufficient responsibility to benefit him and to maintain his interest. Second, the superior may feel that his position is being jeopardized and as a result, the experience and guidance the assistant receives may be less than satisfactory. As a result the understudy will tend to manage as he has been managed. Finally, the selection of an understudy may kill the initiative and morale of other aspirants for promotion.<sup>34</sup> Because of such severe weaknesses, it is concluded that management should use understudy training only in those cases where other developmental tools do not measure up to the need of the particular situation.

Company or Company-Sponsored Outside Classes.

Several of the companies studied make effective use of both inside and outside classes. The inside classes are conducted on a formal classroom basis and usually are taught by top company executives. The subjects covered usually concern studies in the basics of supervision, fundamentals of business management, human relations and others of a similar nature. The main advantage of these classes is that they provide the

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<sup>34</sup> Jucius, op. cit., p. 286.

individual with the opportunity to obtain a broader understanding of the theory of good management principles taught by an executive who has applied them practically. Its major weakness is that such classes are only as good as the instructor makes them. It is generally conceded by companies who use such classes that just because the instructor is a good executive does not necessarily mean that he will be an effective teacher.

Many companies follow the practice of paying the tuition of key personnel for evening study courses at nearby colleges and universities. Before offering to pay the tuition, most companies normally require that the classes be approved by a responsible company executive. However, there are some who encourage key personnel to take outside classes even though they may not have any relation to the actual work situation. The general feeling among these companies is that the training received, if only from a cultural standpoint, is well worth the cost of tuition.

In addition to evening courses, a number of companies send executives to advanced management courses offered by colleges, universities and business associations. The executives who are sent through these courses are generally men with recognized potential to hold positions

of higher responsibility. The courses are designed to overcome specialization by broadening the executive's overall perspective. This factor is recognized, by the companies who use this technique, as its major advantage. Perhaps the major shortcoming of this tool is the fact that the participant is completely free from his job responsibilities for extended periods of time; therefore, replacements must be available.

Multiple Management. Only a comparatively few companies use the multiple management approach to executive development, but those that do are strong in its support. Perhaps the best way in which to explain this technique is to discuss its operation in the company where it was founded, McCormick Tea Company. The plan was inaugurated by the company's president, Charles F. McCormick, in 1932. Under the plan, three boards supplement the senior board of directors. These boards are the factory board, the sales board and the junior executive board. The latter of these is the only one of major interest to this study, therefore, only its operations will be discussed.

The theory behind the junior board is that by working on managerial problems using similar methods as those employed by the senior board, executives who

participate will gain very useful training. The Junior Board has access to all company records in conducting its studies. The solutions and recommendations must be reached by unanimous agreement of all junior board members before it is allowed to go before the senior board for final approval or disapproval. If approved, the recommendations become company policy.

The board is composed of thirteen men elected by the board's present members every six months, at which time three of its present members must be replaced. The members are well aware of the fact that their own performance may lead ultimately to selection for the senior board. A requisite for senior board membership is that the executive has had experience on one of the three boards mentioned above.

McCormick in his book, The Power of People, states the major advantages of multiple management to be: (1) Increased ability in self-understanding and continued growth in the understanding of others, (2) a broad awareness of the general functions of the business through studies and broad recommendations, (3) development of a sense of worthwhile contribution of over-all company problems, and (4) indication to the junior board members that opportunities for promotion are available and depend upon performance.<sup>35</sup>

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<sup>35</sup>McCormick, op. cit., pp. 68-76.

Perrin Stryker and the editors of Fortune

summarize what is probably the major weakness of multiple management in the following manner:

The chief weakness of the multiple management system is the one inherent in every democratic system: "politicking". A man may attract the attention of a board by submitting a lot of suggestions or by otherwise winning the personal approval of a member. Under such systems the office politician must be closely watched.<sup>36</sup>

On the preceeding pages a brief resume has been given of the major tools or techniques which are being used by industry to develop executive personnel. Since the tools used in the development process should be based on the strengths and weaknesses of each key person disclosed by periodic appraisal, it is not possible to establish specific conclusions as to which technique, or techniques, would function most effectively in all companies for all key personnel. However, the general conclusion of this study is that on-the-job training with personal coaching and counseling by the superior with his subordinate is the most effective developmental tool available to management; therefore, the other training aids discussed in this section should be used only to supplement it as the individual situation requires.

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<sup>36</sup> Stryker and the editors of Fortune, loc. cit.



### III. PROGRAM ADMINISTRATION

An executive development program cannot be effective and successfully accomplish its purposes if it is left to function by itself. Top management must assume the responsibility for administering the program to insure that interest and participation are maintained, that changing needs will be met and that activities will be based on a current organization and personnel picture.

Over-all Responsibility. A large majority of the companies studied agree that the over-all administration of the executive development program should not be considered a function of a personnel department. Instead, it was their conviction that the plan must originate from and be controlled at the top organizational level. In some cases, control was exercised over it by the company's board of directors. However, the programs in most companies were controlled by a top level executive development chairmanned by the chief executive. Experience by these companies has indicated that unless the president and other top officials do not show their personal interest and devote their time to it, the program will have a tendency to disintegrate.

The following are representative of the functions

being performed by persons responsible for over-all administration of the development programs in the companies studied: (1) formulates policy and makes major decisions regarding the program's operation, (2) reviews, with the individual in charge of the program's general administration, development activities in all company divisions at periodic intervals, (3) reviews and approves replacement tables for top executive positions, and (4) nominates candidates for advanced management training courses and for top level job rotation.

General Administration. Although the over-all administration of the development program is not considered to be a personnel function, the persons charged with the general administration or staff work are normally attached to the personnel department. The reason for this is to prevent duplication of effort and of personnel records. The functions normally performed by the program's general administrator are: (1) administers directives of the Executive Development Committee, (2) acts as secretary of that committee, (3) promotes and implements the general development activities of the program, (4) explains, clarifies, and assists the line executives who are responsible for carrying out the plan, (5) maintains up-to-date key

personnel records and furnishes information upon authorized request, and (6) assists the division heads in planning development schedules based on individual need and in executing those plans.

Perhaps the most important function of the program administrator listed above is the maintenance of accurate and up-to-date personnel records on development candidates. Information on such factors as personal history and background, interests, qualifications, potentialities, performance achievements, and development needs and schedules are vital to the program's success. With this information readily available, management is able to couple it with a periodic personnel appraisal to compile a resume of each individual's history and performance for use in promotion, transfer and development. In addition, these records are the source documents which supports that data posted to the company's personnel and organization replacement chart.

The importance of the administration to the success of the development program should not be underestimated. The president must be firmly convinced of the importance of the program to the company and be willing to convey this conviction to his subordinates by taking an active interest in the program's administration. Qualified

personnel must be made available in the personnel division to be responsible for the satisfactory performance of the duties of program administrator. If the program is so planned and administered, its chances of success are much greater than if otherwise.

#### IV. PROGRAM LIMITATIONS

Often, the road to systematic executive development is neither easy nor are the results received always of a beneficial nature. In addition to such problems as those involved in gaining executive acceptance, performing personnel appraisals and the like which have been discussed previously, there are other limitations which are likely to be encountered which probably will tax the determination of all management members. It is important from the outset that management recognize that there are such limitations inherent in any program of executive development in order that it can make and adjust its plans accordingly. These factors are discussed below.

Cost of Development. Throughout this report, it has been emphasized that executive development is an individual process and that any systematic program for development should be based on and adapted to a company's own requirements and to the individual needs of its

employees. Needless to say, these needs vary from company to company and from individual to individual. For these reasons, it is neither possible to state what the costs of a development program will be nor is it possible to say that the benefits received will be commensurate with the costs. However, if the estimates obtained from the companies studied can be considered a reliable indication, the costs may be high. To be more specific, the estimated costs for recruiting, selecting and developing personnel for a key position ran from two to five thousand dollars per individual. Another source stated that a company has an estimated one hundred and fifty thousand dollar investment in an executive who has been fully developed for a top level executive job.<sup>37</sup>

The major costs involved in development can be attributed to a number of different factors. First, a company must pay a competitive starting and developmental salary to obtain qualified personnel for development. Due to the increased demand and the limited supply, the salary structure has been and is continuing to spiral

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<sup>37</sup>John C. Aspley (ed.), The Handbook of Human Relations (Chicago: The Dartnell Corporation, 1955), p. 789.

upwards at a rapid pace.<sup>38</sup> Second, by increasing starting and developmental salaries for the above mentioned personnel, management leaves itself wide open to criticism from its present key employees. This usually means that management is forced to adjust its complete executive compensation program. Third, costs of outside training is expensive not only from a tuition and lodging standpoint but also due to the fact that someone else must take up the slack caused by the individual's absence from his job. Fourth, a development program is usually based on the premise that there should be a qualified replacement for each key position. This being the case, more personnel are likely to be needed than now exists in the organization. Fifth, considerable time must be devoted by present line executives to carrying out the development process. This time must be charged to the program's administration. In addition, staff personnel must be appointed to administer the program, forms must be printed, record files must be set up and maintained and other steps of a similar nature must be undertaken.

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<sup>38</sup>Stephen Haabe, "College Recruitment in 1957," Management Record, Vol. XIX, No. 1, Jan. 1957.

From the preceeding discussion, it is obvious that the costs of a program will depend on the decision that management reaches as to the elements which are needed for its own situation. These costs deserve a thorough weighing in deciding on the suitability of one approach as compared to another. If full effectiveness is to be obtained, a systematic approach will be expensive. However, if such steps are not taken to train qualified executive replacements and thus insure organizational stability, the costs are likely to be much greater. The role of an executive has become of such importance that even the more costly approaches to development are considered to be a wise investment.

Organizational Inbreeding. The basic objective and the chief measurement of success of a formal development program is that qualified executive replacements can be found in an organization at the time that they are needed. This objective implies that a policy of promotion from within is encouraged for positions of higher responsibility. Normally, such a policy is considered laudable because of the stimulant it possesses on the organization's personnel. However, unless internal promotion is carefully controlled, the process of promotion

from within may result in organizational inbreeding and this in turn may lead to organizational stagnation rather than stability.

Management must recognize that this possibility exists and take steps to prevent its occurrence. It can do this by a better initial selection of candidates, by continuous training to broaden overall management perspective, by encouraging and promoting the individual's interest in self development, by rewarding him for good job performance, and by establishing a promotion system based on merit. In these ways, the company will obtain, develop and maintain qualified personnel and at the same time, insure stability and flexibility of its organization.

"Fair-Haired" or "Crown Prince" Treatment. Another limitation which is inherent in systematic training of executive personnel is that the participants, especially the younger group, in such a program are likely to become marked as an elite group of "fair-haired individuals" or "crown princes." If management allows this to happen, the effectiveness of the development program will be sharply curtailed for two reasons: (1) the initiative of the lower level employees who have been struggling to climb the promotional ladder will be destroyed and (2) the executive trainees will acquire a reputation that can



hamper them in the years to come and may be offset only by their exceptional skill or personality.

It may not always be possible for management to prevent some candidates from being recognized as the "fair-haired individuals" in the organization. This is especially true in smaller companies where the number of key personnel is comparatively small. However, there is one major step which can be taken by management to minimize the danger of such reputations to the organization. This step is to have the program open to all who qualify and who logically seeks its opportunities rather than have it confined to a few individuals such as a group of younger men selected by rigid recruiting methods and placed in a special category to receive special training and attention. Such a limited concept of a development program is basically weak because only the elite have a chance to participate.

A second step which management can take is to encourage its younger employees, especially new college graduates, who were hired specifically for development to bid for the attention and acceptance of the rank and file. An effective way to do this is to appraise the individual on this basis and to counsel him if a weakness has been demonstrated. Even if the candidate is able to gain such acceptance, he may not escape being called "fair-haired"

by some, but he can win the respect of all by being fairminded.<sup>39</sup> Once the nature of the problem is understood by both management and the trainee, the solution is likely to be found much easier.

Theft by Other Companies. Although there is a growing awareness in industry that a progressive company, in order to insure its future stability, must take steps to train qualified managerial replacements, there are still a sizeable number of companies which adhere to the principle that it is more economical to lure successful executives at a slightly higher salary than to develop their own. Therefore, a company that does launch a systematic program to select and train its personnel to be more effective managers must exercise constant vigil to protect its investment against piracy by competition. There are a number of steps which management can take to maintain its managers after they have been trained. First, it can give them challenging responsibilities with commensurate authority to carry them to a successful conclusion. Second, it can reward them by transfer, promotion or monetarily when they succeed. And, finally,

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<sup>39</sup>Robert N. Hilkert, "Tips to a College Man Going to Work." Reprinted from The Personnel Journal, Vol. 33, No. 1, May 1954.

it can counsel them when they err. An individual who works for a company which adheres to such principles of good human relations is not likely to be too interested in changing jobs unless the offer is exceptional.

## V. PROGRAM BENEFITS

The development of executive personnel is a long-term proposition with the result being that tangible results often may not be observed for years. As a result, the enthusiasm of top management and the line executive may decrease and with it the program's effectiveness. However, those companies which have launched and nursed programs through what appeared to be non-productive years have built a firm foundation for the future stability of their organizations. When approached on this basis and planned so that it goes on as an integral part of everyday operations, the benefits received are many. Some of the more important of these are:

1. Assists management people to function more effectively in their present jobs.
2. Develops in each executive a broader over-all management perspective.
3. Develops individuals as they are needed and at a time and age when they can contribute maximum service.

4. Allows for more delegation of authority because more qualified people are available.
5. Develops and fosters lines of communication throughout the organization.
6. Improves organizational morale.
7. Aids in the recruitment of qualified individuals who wish to progress rapidly as their ability permits them.
8. Assures a reserve of qualified men to allow staffing of new positions and vacancies without disrupting operations.

## VI. FOLLOW-UP AND REVIEW

Just as any other personnel program or business system, executive development is a continuing activity and one which requires constant attention. Most of its objectives are long range and therefore so must be the planning which goes into it. To keep the gains which are made, and to avoid program stagnation or disintegration, periodic reviews are essential. Management must provide for continual study of all phases of the program and its organization. It must evaluate as accurately as possible the program's achievements and ascertain what phases of it are good and do more of them and what phases are not so good and do less of them. There are two tangible indices by which the success

of systematic executive development can be measured.

First, it can be measured by the increased effectiveness of management personnel in their present positions as indicated by periodic appraisal, and second, by whether or not there is a reserve of qualified executive replacements within the organization to meet the company's needs. If these basic objectives of the program are not being accomplished or if executive candidates, after being trained to a point of maximum effectiveness, are being lost to other companies, the program is operating unsuccessfully and revisions must be made. To insure effective operation and desired benefits, management development must be recognized as a continuing process and provision must be made for periodic review and evaluation.

## VII. SUMMARY AND CONCLUSIONS

The most potent force that can be released in an executive is his own desire to improve. Most potential executives possess this desire to a high degree, and if they can be assisted to control it effectively, it is better than any other development tool yet devised. It is each manager's responsibility to recognize each of his subordinate's strengths and weaknesses, to create the desire to improve and to schedule plans for his training accordingly.

There are two divergent conceptions as to the most effective method to develop executive personnel. These are the individual approach and the group approach. Each has been and continue to be used effectively by industry. Although the question as to which will become dominant is still unanswered, this study indicated that a general trend has been back to the individual approach. There were two reasons which could be established for this: (1) an effective manager must learn by doing regardless of other tools to which he has been subjected, and (2) development tools can best be applied on an individual basis according to strengths or weaknesses which have been displayed in the performance of the job. It is further concluded that the individual approach would best serve our needs at the Life Insurance Company of Virginia for the following reasons: (1) better suited to companies with a fewer number of personnel to be developed, (2) costs are likely to be lower, (3) less chance of candidates being known as "fair-haired individuals" or "crown princes", thus better morale is likely to exist, (4) preference of candidates to settle down to a specific job assignment, and (5) on-the-job coaching can best be applied.

Once a schedule of development has been completed for each individual candidate, there are a number of

training aids which are available to assist in the strengthening of areas of weakness and to further develop strengths. Each of these tools have their advantages and disadvantages, but the one which has been found to produce the most satisfactory results is on the job training. A substitute has not been found for this tool. Among the other methods which have been used, chiefly to supplement on the job training are: (1) rotation of assignment, (2) committee and special project assignments, (3) conference training, (4) understudy appointments, (5) company or company sponsored classes, and (6) multiple management. With the exception of on the job training, a specific conclusion cannot be established as to which of these techniques function most effectively in all companies for all key personnel. Each should be used as the needs of the individual warrants its use.

A development program cannot function alone. Its overall administration should be exercised at the top management level, preferably by the chief executive or by a committee composed of company directors and top company officials chairmanned by the president. Its general administration should be performed by staff people, who under normal conditions, should be assigned to the Personnel Department. The importance of the program's administration

to the success of the development program should not be under-estimated.

The road to management development is neither easy nor are the results always of a beneficial nature. There are certain costs and limitations which should have a definite effect on the type of approach used. Since the proposed development program is to be based on the needs of the company and the needs of the individual, it is impossible to estimate accurately what the costs will be for any one company. It depends entirely upon the decision that management reaches as to the elements which are needed for its own situation. The role of an executive has become of such importance that even the more costly approaches appear to be a wise investment if satisfactory results are obtained. The other major limitations are: (1) organizational inbreeding, (2) "fair-haired" or "crown prince" treatment, and (3) theft by other companies.

The company, which approaches a sound training program with enthusiasm and plans it so that it becomes an integral part of everyday operations, increases handsomely its chances of organizational stability and continued success. The following specific benefits can be obtained: (1) better individual performance in present job, (2) a broader over-all management perspective, (3) qualified



personnel at a time and age when maximum service can be rendered, (4) more delegation as a result of more qualified personnel, (5) better organizational communication, (6) better morale, (7) assistance to recruiting program, and (8) less disruption of operations as a result of better staffing of new positions or vacancies.

Executive development is a continuing activity and requires constant attention. To keep the gains made and to avoid stagnation or disintegration, periodic reviews are essential. Hence, the program is not completed until provisions have been made to ascertain if the program continues to operate smoothly and to give the desired results.

## CHAPTER V

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### I. SUMMARY AND CONCLUSIONS

There is a growing awareness in industry today that a progressive company in order to insure its stability and continuity must provide for the development of personnel who have potential to assume the responsibilities of successful executive leadership. Hence, many companies are turning to formal management development programs. Management or executive development is defined as a systematic process designed to develop existing key personnel to the point of maximum effectiveness in their present assignment and to produce a supply of qualified replacements to meet future executive needs. As applied to the Life Insurance Company of Virginia, an executive is defined as an individual who performs the duties and responsibilities of assistant division head or higher. Hence, the program should be targeted toward developing personnel to fill these top management jobs as they occur. However, by necessity development for such positions must begin early in the career of key personnel in lower management positions.

There are a number of factors which have been responsible for the shortage of qualified executive

replacements at the Life Insurance Company of Virginia and in many other companies, today. These factors can be summarized as: (1) political and economic conditions arising from the depression of the early thirties and from World War II, (2) industrial expansion and decentralization creating the greatest demand for executive talent that this country has ever known, and (3) philosophical changes on the part of young executive talent resulting in a move to companies with more progressive personnel and promotional policies. The end result has been that business management is viewing in a more favorable light than ever before the systematic development of executive personnel. For many companies, it has become not just the wise thing to do, but instead a necessity if organizational instability is to be avoided.

Requisites of a Successful Approach. Due to the absence of any generally accepted criteria as to what is a good executive and to the lack of standard executive specifications, a formula which will provide a perfect solution to the development of executive personnel for all jobs in all companies has not been found. However, as a result of the experiences of companies with systematic management training programs, it can be concluded that there are a number of requisites which are essential for

a successful approach. These are:

1. The program must be based upon the fundamental premise that development needs can be diagnosed, development plans made, management techniques learned and progress appraised.
2. The program must be based upon the particular needs of the organization and of the individual.
3. The program should be as simple as possible to administer.
4. The program must have the complete support of top management and must be accepted as a line function by present executives.
5. An organizational climate conducive to executive growth must be created and maintained.

The significance of the role that each of the above factors plays in the development of personnel should be recognized and action should be taken to insure their presence before a formal training program is launched.

Preliminary Steps to Development. In addition to the above requisites, there are a number of preliminary steps which are essential elements of an effective development program. The first of these steps is sound organizational planning. It involves a study of the present organization, the construction of an ideal

organization chart to serve as a future company goal, a ten year projection of the organizational structure of each division and the company, and the preparation of job descriptions and man specifications for present key positions as well as those which have been forecast. There are a number of major advantages offered by a study of this nature. It provides a basis for:

1. Correcting organizational defects.
2. Forecasting long-range executive needs.
3. Selecting candidates for development.
4. Planning individual development programs.
5. Appraising key personnel performance.
6. Establishing promotional lines for positions of higher responsibility.

A development program cannot function effectively over a period of years unless provision is made for sound organizational planning.

After the desired standards for each key position in the organization have been defined, provision must be made for the periodic appraisal of key personnel in order that the qualities of the individual can be matched against the specified requirements of the job and a complete management personnel inventory can be made. There are three major appraisal tools: (1) personal questionnaire,

(2) psychological tests, and (3) personal appraisal form.

When effectively administered, these tools serve the following useful purposes:

1. Indicates personal strengths and weaknesses thus providing an effective basis for creating a desire to improve and for preparing development schedules based on the individual's needs.
2. Discloses areas in the organizational structure which are strong or which are in need of strengthening.
3. Provides a basis for selecting personnel for promotion or transfer.
4. Provides an opportunity to shape the individual to the job rather than the job to the individual.

Although considerable research has been performed in the area of evaluation of potential managerial ability by psychological testing, suitable tests are available in only a few of the areas concerned in management appraisal. However, they have been found to be valuable as a supplement to personal appraisal forms. Appraisal by the latter is based on the premise that past performance is the best indication of an individual's promotability to positions of higher responsibility. As yet, a substitute to take the place of personal appraisals by this method has not been developed.

There are several important factors which determine the success of a personal appraisal system. First, the appraisal form used must be designed so that it will indicate in specific terms the individual's past performance, his promotability and his weaknesses and strengths. Second, extreme care must be taken by management to assure unbiased and fair evaluations; otherwise, irreparable damage can be done to individuals, to the development program, and to the organization. Third, in order to obtain maximum benefits from systematic appraisals, the results should be reviewed with the appraiser. And, finally, the appraisals should be performed periodically, preferably annually.

Completion of the appraisal process allows management to inventory its people on a systematic basis. It is recognized that the techniques involved in the personal appraisal of the human element have not been proven reliable or valid as a means for predicting executive success. However, informal personnel appraisals are continuously taking place in all companies. Hence, this being the case, the conclusion is that an appraisal performed periodically on an objective and systematic basis is likely to be more beneficial than one performed informally and without specific criteria for measurement.

With the completion of a forecast of requirements and the appraisal of all present key personnel, management

can determine what is available and what is needed to meet future key personnel requirements. The best method to present a clear picture of the company's present status is to prepare an organizational replacement chart. Outlined in this graphic presentation are the names, ages, job title, performance, and promotability of all incumbents in each position. In addition, similar data for the first and second replacements for each key position should also be indicated. These charts will establish at a glance the strengths and weaknesses of each of the company's divisions as well as the logical basis of progression, both horizontally and vertically.

Before a program for development can be successfully launched, there must be present within the organization a sufficient number of employees who possess potential to perform those jobs of greater responsibility. If the personnel appraisal and inventory system indicates that there are not a sufficient number of qualified candidates for development to meet present and forecast needs, management must take steps to remedy the situation either by internal or external selection. If available and if qualified, present company personnel should have priority for development to assume positions of higher responsibility. However, this will not always be possible. Therefore, a



planned and progressive recruiting and selection program should be embarked upon to assure a continuous supply of qualified executive candidates.

Approaches to Development. Organizational planning, appraisal and inventory of personnel, and the selection of candidates for development are largely preliminary steps to a complete and systematic executive training program. In order for these steps to have value, other than of an independent nature, the data produced from them must be effectively integrated with planned programs of development for each key individual in the organization.

From the outset, management must realize that executive development is largely self-development. If an individual does not desire to be developed, the time and expense involved will be wasted. Thus, it is the responsibility of each manager to create within his subordinates the desire to improve. Reviewing periodic personal appraisals with his subordinates offers the manager an excellent opportunity to create this desire. If successfully accomplished, the superior will then be able to complete with the individual a scheduled plan for development based on the weaknesses which have been demonstrated by past performance.

One of the major conclusions of this study is that the development of personnel should be planned and performed

on an individual basis. There are two basic reasons for this: (1) a manager must learn by doing regardless of other training techniques to which he has been subjected, and (2) the individual's development can be planned and scheduled more effectively if it is based upon the weaknesses and strengths indicated by his on-the-job performance. When applied to the Life Insurance Company of Virginia, the individual approach to development offers the following more specific advantages:

1. Better suited to a company with a fewer number of key personnel for development.
2. Costs are likely to be lower.
3. Less chance of candidates getting the "fair-haired" or "crown prince" treatment.
4. Candidates usually prefer to settle down to a specific assignment.
5. On the job coaching and counseling by the superior are more applicable.

Every candidate whether he is recently employed for development or an older employee promoted to a key position should be put through a one to two week orientation period in the various company divisions in order to acquaint him with the policies, practices and procedures of the company and the life insurance industry in general. The

responsibility for making the program an effective training technique should be placed upon each division head. Perhaps the most effective approach to orientation is to assign the trainee to the division and the job for which he was hired for a period of a month or six weeks before being indoctrinated. The reason for this is that he would be able to first familiarize himself with his own job and its relationship with the remainder of the company and thus be in a better position to comprehend other company operations. The orientation period must be designed carefully to give the candidate a brief but overall picture of what lies ahead and to arouse in him a desire to progress and to develop himself.

To this date, a development technique which will serve as a substitute or replacement for on-the-job training under a good superior-subordinate relationship has not been found. There are a number of other tools which are very valuable to the overall development picture when used as the particular situation warrants it. But the fact remains, these techniques can only supplement development received by on-the-job training, not substitute for it.

The success of on-the-job training and coaching depends upon the acceptance by line management of the responsibility for the development of subordinates.

Moreover, the line manager's ability to teach is the real determinant of what is learned on the job. The superior controls the work situation and whether or not his subordinates have opportunities to perform to maximum effectiveness depends on the competence and willingness of the manager to delegate responsibility and to create a climate conducive to growth. These characteristics are not always found in all managers; therefore, in launching a development program effort usually has to be devoted to reshaping the attitudes of present executives. Support of present executives can be obtained by: (1) adopting a policy that the development of subordinates constitutes a major element in each manager's job, and (2) the chief executive and other top company officers setting an example for others to follow by displaying an active interest and devoting time to the program.

The use of such training tools as the rotation of assignments, understudy appointments, committee and special project assignments, and special classes should be tailored to the needs of each candidate as indicated by periodic appraisals. Each of these have their advantages and disadvantages dependent upon the individual situation. It is the responsibility of the line executive to appraise and analyze the needs of each of his subordinates and on the

basis of his analysis to determine which of these training tools appear to offer the best possible solution to his needs. To serve as a check on the fairness of the decision reached and the recommendations made by the appraiser, the development schedule should be reviewed by his superior and the division head.

A successful executive development program cannot function without assistance. If interest is to be maintained, if active participation is to be expected, and if requirements are to be met, management must devote constant attention to the program; otherwise, it will disintegrate and any results received are likely to be unsatisfactory. The overall administration of the program should be considered outside of the scope of any of the company's divisions. It should be administered at the top management level by a committee of company officers or directors chairmanned by the president. The basic functions of the committee should be:

1. To formulate policy governing the program's operation.
2. To review development activities of the various divisions.
3. To review executive replacement tables for each division and for the company.

4. To nominate candidates for advanced management courses and for top level rotation of assignments in order to increase over-all management perspective.

In order to carry out the directives of the development committee and to perform other functions involved in the general administration of the program, a program administrator or coordinator should be appointed. This individual should be responsible only to the president. The major duties of this position should be:

1. To promote and implement development activities.
2. To lend staff assistance as required to the line executives.
3. To maintain accurate, complete and up-to-date records on all management personnel.
4. To assist with the development and execution of individual training programs and schedules.
5. To review development activities and to make recommendations for the program's improvement to the development committee.

In order for the program to function effectively, provision must be made as outlined above for the program's overall and general administration.

Any company embarking upon management development should realize that there are a number of limitations inherent in any systematic program. Perhaps the greatest single limiting factor is the program's cost. These costs are usually immediate and measurable while the results obtained are long-range and difficult to evaluate. Moreover, there is no guarantee that these results will be commensurate with the costs. For these reasons management's enthusiasm is likely to wane before the program has been given an opportunity to produce beneficial results. As a result it is likely to be a victim of economy measures at the first down-swing of the business cycle.

There are a number of other specific limitations of executive development. Organizational inbreeding is likely to occur because of the emphasis which necessarily has to be placed on a policy of promotion from within. Management candidates are likely to become known as an elite group of "fair-haired" individuals or "crown princes". After having been trained, management talent may be lured at a slightly higher salary rate by other companies which still adhere to the principle of buying rather than developing executives. Management must recognize that

these limitations exist and take preventive action to reduce the harmful effects which might arise if no attempt is made to control them.

In addition to the specific limitations of executive development discussed above, there are a number of problem areas which will necessitate additional research and study by American management before they can be satisfactorily solved. Following are some of the questions which must be answered before a satisfactory solution to the major problems of development can be obtained:

1. What is an executive?
2. What qualifications are necessary for a good executive?
3. How can a fair and sound appraisal of management personnel be obtained?
4. Are psychological tests a valid means of measuring management potential?
5. What should be the policy for selecting qualified candidates for management development?
6. What executive personnel policies should be adopted to maintain trained executive personnel?
7. How can the results of development be evaluated in order to allow satisfactory follow-up?

The road to the systematic and successful training of executive personnel is not an easy one. There is not a



quick, easy or magic formula which is guaranteed to produce satisfactory results overnight. Instead, it is a slow process taking time, patience, determination and courage at all levels of management to see it through to a successful conclusion. However, if launched on a sound basis, if provision is made for all the essential elements, and if properly administered and followed-up, the benefits received from a program are many and by far outweigh its costs and other limitations. Furthermore, the ability of the Life Insurance Company of Virginia to meet the increasingly competitive demands of our industry, to insure its organizational stability and to continue its growth and progress depends upon how effectively it selects, develops, maintains and utilizes its management personnel.

## II. RECOMMENDATIONS

On the basis of the conclusions stated above, the following recommendations are made in logical sequence for inclusion in a systematic long-range program for the development of executive personnel at the Life Insurance Company of Virginia:

1. That the president appoint, and act as chairman of, an Executive Development Committee of four other senior officers of the company to exercise the following

responsibilities:

- a. To formulate overall policy and to review and govern all developmental activities within the company.
- b. To approve candidates nominated by division heads for management development.
- c. To nominate candidates for advanced management training at colleges, universities or business associations.
- d. To nominate candidates for rotation of assignments at top level positions to broaden overall management perspective.
- e. To review and approve division replacement charts and to prepare an overall company chart to provide an up-to-date management personnel inventory.
- f. To supervise the activities of the general administrator of the program.

2. That an individual be appointed by the president as program administrator and be directly responsible to him for the overall coordination and detailed administration of the program. He should have the following specific responsibilities:

- a. To administer directives from the Executive Development Committee and to act as secretary of that committee.
- b. To promote development activities and to assist line executives in the performance of these activities as required.
- c. To maintain complete, accurate and up-to-date record files on all management personnel and to furnish information from them as requested.
- d. To assist the Director of Personnel in the recruitment and selection of qualified candidates for development.
- e. To act as secretary of the Executive Development Committee.

3. That a director of planning, or that one of the members of the Executive Development Committee, be appointed, and be given staff assistance, to conduct a complete company organization study which would include the construction of an ideal organization chart and a ten year projected chart to include all key management positions forecast for that period. The results of this study with recommendations should be submitted to the Executive Development Committee for further study and recommendations to the Board of Directors of the Company.

4. That, concurrent with the organization study above, the program administrator be assigned the responsibility of securing job descriptions and specifications for all key management positions.

5. That a careful and realistic appraisal be made periodically, preferably annually, of all key personnel in order that an up-to-date inventory can be made and maintained and from which management personnel needs determined. This systematic appraisal and inventory system should include the following elements:

a. Personal history and background questionnaire to be completed annually or as requested. (See Appendix A for sample questionnaire form.)

b. Management appraisal form to be completed by the immediate superior of the

key employee and to be reviewed by the appraiser's immediate superior in order to insure soundness and fairness. (See Appendix B for recommended appraisal form.)

c. Review of appraisal by superior with subordinate.

d. Schedule and plan for development in writing.

6. That an organization-replacement chart be constructed for each company division by the division head and be reviewed with the Executive Development Committee, annually just as any other report of operations. (See Appendix C for recommended organization-replacement chart.)

7. That the Director of Personnel be instructed to:

a. Submit to the Executive Development Committee detailed plans for salary administration of the management group which would include competitive starting salaries for development candidates and scheduled increases for candidates during the first three years of employment.

b. To develop and put into effect a formal plan for the recruitment and selection of qualified candidates for development from outside sources of supply if needs cannot be filled from within the company. This plan should include provision for adequate publicity, establishment of contacts with placement directors and other school officials and the utilization of present employees who are graduates of the selected institutions.

c. To establish complete individual personnel files for all management personnel and to make them available to the program administrator.

8. That the practical application of the program beginning with the preliminary steps of organizational planning and appraisal and inventory through the planned individual development of each subordinate be considered a major and continuous responsibility of each company manager.

9. That development plans and schedules be made on an individual basis by mutual agreement between the superior and his subordinates and be targeted toward the improvement of weaknesses or building additional strengths as indicated by periodic personnel appraisal.

10. That a formal orientation program for all management candidates be adopted.

11. That the candidate upon completion of the orientation program be placed in the position for which hired and from this point on, his development be considered a responsibility of his superior.

12. That development plans during the first six months on the key job consist mainly of on the job coaching and counseling by his superior. At the end of the six month period, the individual's performance should be carefully and realistically appraised according to the procedure stated above.

in recommendation number five.

13. That major emphasis continue to be placed on on the job coaching and counseling by the superior as the most effective development tool available to management.

14. That other training tools be used to supplement on the job training as the individual situation warrants their use. Until the program has become firmly established in the company, the following techniques are recommended for use:

- a. Rotation of assignments.
- b. Committee or special project assignments.
- c. Company sponsored outside classes.
- d. Company training classes.
- e. Advanced management courses (for candidates who displayed potential for top management positions.)
- f. Life Office Management Association Courses.

15. That concentrated efforts be made by management to create, build and maintain the interest and initiative of executive trainees in their development by adequate compensation, by the assignment of definite and challenging responsibilities with commensurate authority, by the encouragement of their participation, and by the establishment of a sound promotional policy based on merit.

16. That the above recommended program not be accepted as a final solution to either the improvement of executive performance or the development of a supply of qualified executive replacements within the company, but instead, that the development of management personnel be recognized as a continuous process which must be constantly reviewed, evaluated and tailored to meet the ever-changing needs of the company and its employees.

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Chrysler Corporation, Detroit, Michigan.

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## PERSONAL HISTORY QUESTIONNAIRE

THE INFORMATION IN THIS QUESTIONNAIRE WILL BE USED IN CONNECTION WITH THE ORGANIZATION DEVELOPMENT PROGRAM. THIS INFORMATION IS TO BE REPORTED PERIODICALLY SO THAT PERSONAL FILES MAY BE KEPT CURRENT. PENCIL OR INK DRAFT IS TO BE RETURNED TO EMPLOYEE. LOCATION RETAINS ORIGINAL TYPED COPY AND FURNISHES 2 CARBON COPIES TO ORGANIZATION DEVELOPMENT.

NAME (LAST)		(FIRST)		(MIDDLE)		DATE	
POSITION TITLE				LOCATION NO. & NAME			

  

PERSONAL DATA	1. DATE OF BIRTH MONTH   DAY   YEAR		2. SEX <input type="checkbox"/> MALE <input type="checkbox"/> FEMALE		3. HEIGHT FT.   IN.		4. WEIGHT LBS.		5. CITIZEN OF U.S.A. <input type="checkbox"/> YES <input type="checkbox"/> NO		6. MARITAL STATUS <input type="checkbox"/> SINGLE <input type="checkbox"/> WIDOWED <input type="checkbox"/> MARRIED <input type="checkbox"/> DIVORCED	
	7. DEPENDENTS NO. OF CHILDREN   NO. OF OTHER UNDER 18 YEARS   DEPENDENTS		8. DO YOU <input type="checkbox"/> OWN HOME? <input type="checkbox"/> RENT HOME?				9. IF YOU HAVE ANY PHYSICAL DISABILITY, EXPLAIN:					
	10. LIST ANY OF YOUR RELATIVES EMPLOYED BY CONTINENTAL CAN CO. NAME   RELATIONSHIP   LOCATION						11. IF YOU HAVE SERVED IN THE ARMED FORCES SINCE 1940, INDICATE: BRANCH   RANK: DRAFT STATUS: <input type="checkbox"/> VETERAN <input type="checkbox"/> SUBJECT TO DRAFT <input type="checkbox"/> RESERVE <input type="checkbox"/> OTHER					

  

EDUCATION	EDUCATION		DATES ATTENDED		GRADUATED		DEGREE	NAME AND LOCATION OF SCHOOL	CHECK MAJOR FIELD					OTHER (SPECIFY)
			FROM	TO	YES	NO			ENGL.	MECH.	BUSINESS	SCIENCE	LIBERAL ARTS	
	HIGH SCHOOL													
	COLLEGE													
	GRADUATE SCHOOL													
	BUSINESS OR TRADE SCHOOL													
	CORRESPONDENCE OR EXTENSION COURSES													
IF YOU ARE NOW ENGAGED IN ANY FORMAL STUDY OTHER THAN LISTED ABOVE, EXPLAIN:														
EXTRA-CURRICULAR ACTIVITIES AND JOBS HELD WHILE IN SCHOOL:														

  

WHAT FOREIGN LANGUAGES DO YOU:   SPEAK?		WRITE?		READ?	
GIVE PRESENT JOB WITH CCC FIRST. IF ADDITIONAL SPACE IS REQUIRED, USE "REMARKS" ON REVERSE SIDE OR ATTACH SHEET.					
1. PRESENT JOB TITLE:			MAJOR DUTIES PERFORMED:		
LOCATION:					
MO.   YEAR					
FROM:					
2. NEXT PREVIOUS JOB TITLE:			MAJOR DUTIES PERFORMED:		
LOCATION:					
MO.   YEAR					
FROM:					
3. JOB TITLE					
LOCATION:					
MO.   YEAR					
FROM:					
4. JOB TITLE					
LOCATION:					
MO.   YEAR					
FROM:					

Appendix A.

Sample Questionnaire Form

Continental Can Company

Page 1 of 2

WORK HISTORY - PART II PREVIOUS TO C.C.C.

GIVE LAST JOB PREVIOUS TO CCC FIRST. DESCRIBE YOUR WORK SO AS TO MAKE YOUR QUALIFICATIONS CLEAR. INCLUDE SELF EMPLOYMENT AND MILITARY SERVICE.

1. LAST EMPLOYER'S NAME & CITY

MAJOR DUTIES PERFORMED:

TITLE OF YOUR POSITION

MO. YEAR MO. YEAR KIND OF BUSINESS:

FROM: TO:

2. PREVIOUS EMPLOYER'S NAME & CITY:

MAJOR DUTIES PERFORMED:

TITLE OF YOUR POSITION

MO. YEAR MO. YEAR KIND OF BUSINESS:

FROM: TO:

3. EMPLOYER'S NAME & CITY

MAJOR DUTIES PERFORMED:

TITLE OF YOUR POSITION

MO. YEAR MO. YEAR KIND OF BUSINESS:

FROM: TO:

4. EMPLOYER'S NAME & CITY

MAJOR DUTIES PERFORMED:

TITLE OF YOUR POSITION

MO. YEAR MO. YEAR KIND OF BUSINESS:

FROM: TO:

CCC TRAINING

TYPE OF CCC TRAINING

DATES ATTENDED

FROM TO

TYPE OF CCC TRAINING

DATES ATTENDED

FROM TO

GENERAL

1. IN VIEW OF YOUR TRAINING AND EXPERIENCE, FOR WHAT TYPE OF POSITION DO YOU CONSIDER YOURSELF BEST SUITED AT THIS TIME?

WHAT ARE YOUR LONG-RANGE JOB OBJECTIVES?

2. LIST ANY SKILLS YOU MAY HAVE ACQUIRED THROUGH STUDIES, SPECIAL WORK, OR HOBBIES OTHER THAN THOSE DEVELOPED IN YOUR REGULAR EMPLOYMENT WHICH YOU FEEL WILL ASSIST YOU IN IMPROVING YOUR PRESENT PERFORMANCE OR WILL CONTRIBUTE TO YOUR DEVELOPMENT FOR GREATER RESPONSIBILITY.

3. LIST OUTSIDE ACTIVITIES AND ORGANIZATIONS PARTICIPATED IN DURING LAST TEN YEARS, INCLUDING NAME OR DESCRIPTION OF ORGANIZATION AND OFFICES HELD. (EXCLUDE IDENTIFICATION OF RELIGIOUS OR FRATERNAL ORGANIZATIONS.)

4. STATE ANY PERSONAL REASONS WHY YOU COULD NOT RELOCATE.

USE THIS SPACE TO EXPAND

REMARKS

Appendix A.

Page 2 of 2

IF ADDITIONAL SPACE IS REQUIRED.

SIGNATURE

THE LIFE INSURANCE COMPANY OF VIRGINIA

MANAGEMENT PERSONNEL  
APPRAISAL

\_\_\_\_\_  
(Name)                      \_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Position)                      \_\_\_\_\_  
(Division)

\_\_\_\_\_  
(Date of Birth)                      \_\_\_\_\_  
(Date of Employment)

From \_\_\_\_\_ To \_\_\_\_\_  
(Rating Period)

Instructions to Appraiser:

- Step 1. Attach an up-to-date job description to page 2.
- Step 2. Consider the first responsibility on the job description marked Number "1". Enter this number "1" on page 3. Make several brief but precise statements with regard to the success which this responsibility has been carried forward. The statements should be representative examples (cite instances) which reflect performance during the appraisal period.
- Step 3. Repeat the above procedure for each of the responsibilities entered on the job description.

After completing Step 3, read instructions as outlined in the remainder of form in order to complete the appraisal.

Appendix B.

Recommended Appraisal Form

Staple Up-To-Date Job Description to this Page.

Appendix B.

Page 2 of 8.

PART I. PERFORMANCE APPRAISAL

Number of Responsibility  
on Job Description

Attach Additional Sheets if Necessary

Appendix B.

Page 3 of 8.



## PART II. SUMMARY OF OVER-ALL PERFORMANCE

In summarizing the individual's performance, review the statements made in Part I. Giving the greater weight to those responsibilities which have been the most important since the last appraisal, state how the performance of the individual has met the requirements of the position. State specific strengths or weaknesses which individual possesses.

Appendix B.

Page 4 of 8.

### PART III. PROMOTABILITY

1. To what job, or jobs, in your division or in the company should this person be considered for promotion now or in the future? List in order of qualifications.

	<u>Position</u>	<u>Division</u>	<u>When Ready</u>
No. 1			
No. 2			
No. 3			

2. To your knowledge, are there any qualified persons, in your division or in the company, who are ready now or will be in the foreseeable future to replace the appraisee if he moves out of his job? List in order of eligibility.

	<u>Name of Replacement</u>	<u>Present Position</u>	<u>Age</u>	<u>When Ready</u>
No. 1				
No. 2				
No. 3				

### PART IV. APPRAISING PROMOTABILITY

Promotability is to be appraised in terms of your estimate of the person's ability to perform the requirements of position No. 1, item 1 above. In making your special appraisal, perform the following:

Step 1. Determine the requirements of Position 1, item 1 above.

Step 2. On page 6, list the first factor which you consider important for one's success on Position No. 1.

Step 3. Indicate your opinion of how this person meets this requirement by giving specific examples or "for instances".

Step 4. Repeat steps 2 and 3 for all other factors considered important for one's success on Position No. 1.

Step 5. Review the Summary of Over-All Performance which you previously made on Page 4.

Step 6. On Page 7, summarize your opinion of the person's over-all promotability giving greater weight to those factors which you consider more important for Position No. 1.

### Appendix B.

(Attach Additional Sheets if Necessary)

Appendix B.

Page 6 of 8.

PART V. Summary of Over-all Promotability

1. Basing your opinion on the individual's performance on his present job and on the promotability appraisal you have just made, place an "X" in the box below which most nearly reflects the person's over-all promotability.
  1. Is not a candidate for advancement.
  2. Needs substantial development (5-7 years) before advancement.
  3. Merits consideration for advancement within 2 years.
  4. Merits consideration for advancement now.
  5. Merits consideration for advancement now and possesses long range promise for even higher positions.
2. State your reasons for rating the person as above.

(Attach Additional Sheets if Necessary)

Appendix B.

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PART VI. Recommendations and Review

1. What specific recommendations do you have for improving the person's present performance or his promotability?
- | Recommended Method | Proposed Date | Comments |
|--------------------|---------------|----------|
|--------------------|---------------|----------|

A.

B.

C.

2. \_\_\_\_\_ (Date of Appraisal) \_\_\_\_\_ (Signature of Appraiser)

3. The space below is to be used for any comments which the Reviewer of this appraisal may have.

\_\_\_\_\_ (Date of Review) \_\_\_\_\_ (Signature of Reviewer)

4. I have discussed this appraisal with the appraisee.

\_\_\_\_\_ (Date) \_\_\_\_\_ (Signature of Appraiser)

Appendix B.

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# ORGANIZATION REPLACEMENT CHART ABC DIVISION

## Key

Job Title	
Incumbent's Name - Age	
Replacement #1 - Age	
Replacement #2 - Age	

Job  
Performance

Promotability

## Performance

- Outstanding
- Above average
- Satisfactory
- Fair
- Unsatisfactory

## Promotability

- Ready now-Possesses long range potential
- Merits consideration for advancement now
- Merits consideration within 2 years
- Needs substantial development (5-7 yrs)
- Not a candidate for advancement

Division Manager	
Black 60	
Green 45	
Jones 38	

Asst. Division Mgr.	
Green 45	
Jones 38	
Fair 29	

Section Head	
Brown 50	
Fair 29	
Mann 27	

Section Head	
Jones 38	
Fair 29	
Mann 27	

Unit Head	
Fair 29	
Jenkins 22	

Unit Head	
Mann 27	
Mann 23	

Unit Head	
Howe 60	
Ball 26	

Unit Head	
Berg 36	
Byrd 28	

## Appendix C.

## DONALD GRAY BURNETTE

Donald Gray Burnette was born in Richmond, May 6, 1931. He attended high school in Blackstone, Virginia, graduating in 1948.

He entered Richmond College in the Class of 1952 and two years later, transferred to the School of Business Administration. During college he was active in the student government and is a member of Pi Kappa Alpha social fraternity.

Following graduation he accepted a position with the U. S. Army Finance Office at Camp Pickett, Virginia, where he served as an accountant for one year before joining the home office staff of The Life Insurance Company of Virginia in 1953.

For the past four years he has served as assistant to the methods research director, performing studies of various systems and procedures of home office operations and other special projects.

In addition to his work, he has completed 3 years of graduate study at the University of Richmond evening school of Business Administration.

He resides with his wife and young son at 8312 Shannon Hill Road, Richmond, Virginia.